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University of California

THE CAUSES OF DECAY IN A BRITISH INDUSTRY

THE
CAUSES OF DECAY
IN
A BRITISH INDUSTRY

BY

"ARTIFEX" AND "OPIFEX"

"THERE IS NOTHING SO MUCH, NOR SO GROSSLY,
NOR SO ORDINARILY FAULTY AS THE LAWS."
MONTAIGNE.

LONGMANS, GREEN, AND CO.
39 PATERNOSTER ROW, LONDON
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1907
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SPRECKELS

PREFACE

THE object of this book is to present, with as few figures and technicalities as possible, an account of one of the most important productive crafts of Great Britain. The authors, from their long association with the industry, have an actual knowledge of its working in all its world-wide ramifications, and they believe that this endeavour to show how home and foreign legislation has affected the volume of the trade in this country cannot fail to be of interest to all who wish to see Great Britain maintain her position in international commerce.

Persons actually engaged in an industry are better able than are other people to appreciate the effects upon their own trade of political changes, fresh general legislation, and varying economic conditions, whilst they alone are in a position to pronounce authoritatively whether special legislation restricted to that industry has a detrimental or a beneficial effect.

The authors state with frankness what has been the result of recent legislation upon their business.

In the first place they show, from records other than Board of Trade returns, how the industry was established, how it grew and thrived in Great Britain. For nearly half a century there are records of the annual output from the Birmingham district, and from these, and a mass of independent collateral evidence, the authors prove beyond a doubt that the industry is declining in Great Britain. They are able to show

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also that the world's annual output is actually increasing.

With the course of production at foreign industrial centres they are less concerned than with the ups and downs of the British production. The chart with its curve showing the variations in the volume of the local trade for nearly fifty years is taken as needing expert explanation. A sudden dip may or may not be due to an Act of Parliament passed the year before; it may be due to the closing of a foreign market to British enterprise, or in part to one, in part to some other change. The cause of these fluctuations, more particularly the present downward tendency of the record, it is their special object to determine.

As to the order in which the facts are presented and the manner in which they are set out, it must be remembered that this is a pioneer treatise, not modelled upon any existing book, and that the object of the authors is not so much to show the result of the Factory Acts, Merchandise Marks Act, etc. etc., as to expose, in a way which will be convincing to the intelligent reader, the course taken by the industry under consideration as modified by Acts of Parliament, foreign tariffs, colonial policies, and the many legal, natural, and arbitrary obstacles presented to free trade.

In order to avoid long arrays of figures, recourse has been made to diagrams; to lessen repetitions, matters pertinent to a particular section are sometimes treated fully and finally in all their ascertained relations under a heading germane to the subject. It is deemed that the comprehensive Table of Contents will obviate any difficulty due to this departure from a more scientific classification of the points enumerated.

The book must be taken in its entirety as an attempt to elucidate the results of legislation and policy upon a

particular industry; and should it be successful in this, the authors trust others will follow their example in pointing out to the public how different industries have been affected by the same, or similar, general causes.

From the very nature of the work, the authors have had to rely largely upon their own personal experiences; but no political bias has been allowed to warp their judgment. They certainly contend that they are able to prove that the legislation of the past fifty years has had a very appreciable effect, and not by any means a salutary effect, upon their industry. They are able to connect particular enactments with a reduced output; they are able to show that certain acts of the Government have limited their trade, that even a policy has proved detrimental to commercial expansion; but they do not pretend that all the resulting conditions, ruinous though they are, were absolutely preventable by the British Government. Also they do not suppose that any member of the Government of any date has been actuated by other than earnest and honest intentions to benefit the British people, and they believe all will regret that the result of legislation has been to injure instead of to assist those who toil in an industry of paramount importance to the welfare of the empire.

A point of some consequence, which the authors do claim to have established, is the necessity for the Government to be better informed as to the results of all legislation proposed; and they believe that members of any Government will be more ready in the future than they have been in the past to listen to *ex adverso* statements from those whose interests additional legislation will affect.

In a collaborated book it may be advisable to state the responsibility of the respective authors. "Artifex" and "Opifex" are manufacturers whose names have figured

on the Register of the Birmingham Gun Trade. Both agree that the fire-arms industry of the country is declining; both agree as to the causes of the decay. Whilst in accord on these main points, they are at variance on others. This difference of opinion is due, perhaps, to the fact that one was originally a worker in wood, the other in iron; one learned from the stock, the other from the barrel—a fundamental distinction which will be appreciated by those who know the trade. They differ as to the value to be attached to certain remedies which have been suggested, hence there are omissions from this book. "Artifex" is inclined to believe that relief will be obtained from the British Government when the members of it understand that it is necessary to do something to save the trade, and he has faith in those possessed of the gift to govern, and in the British hereditary aristocracy. "Opifex" looks to the Labour Party and the paid politician rather than to the existing governing classes and the House of Lords. "Artifex" thinks the book is too strong here and there and the case overstated at times; "Opifex" would make every point stronger if he only knew how. Generally, the book is the expression of common opinion, and must be taken as the work of both authors.

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THE CAUSES OF DECAY
IN
A BRITISH INDUSTRY

CHAPTER I

MAKING AN INDUSTRY

ORIGINS are elusive; the search for them is always instructive and often entertaining. In the present case it is not necessary to attempt to discover what the first fire-arm was or where it was made, for the industry began long after guns were introduced into Europe from the East in the thirteenth century. A cannon was made at Couçy in 1258, and a "fire-mouth" at Amberg in 1301; the English possessed guns soon afterwards, and from a contemporary record it is known they were used in the King's ships in 1338, these supplies being obtained from abroad. King James II of Scotland was killed whilst testing a cannon in 1460, but it does not appear that any were made in these islands until 1525, when Peter Bawde, who came from France, cast brass cannon in Houndsditch. Henry VIII, who had previously obtained large supplies from Belgium, Italy, and Germany, employed a number of Hainaulters, who could use, repair, and make hand-guns. These men were quartered in the Tower, and originated the fire-arms industry in England.

DECAY IN A BRITISH INDUSTRY

In the reign of Elizabeth there were thirty-seven accredited gunsmiths plying their trade in the Minories (London). In 1590 Henricke, a Dutchman, was the acknowledged head of the craft. King James I repealed an Act of Queen Mary, and bestowed the monopoly of gun-making upon Edmund Nicholson; so that the trade dwindled until, in 1607, only five members remained, and they prayed to Parliament for the abolition of the monopoly which threatened the extinction of the "mystery" of gun-making. Their grievance was redressed, but no important forward movement was made until 1637, when the London gunmakers obtained their charter of incorporation, the provisions of which were enlarged and the privileges referring to the Proof of arms again bestowed in 1672. The London gunmakers henceforth appear frequently in past annals, chiefly as petitioners to Parliament for orders; for powers to restrict or prohibit the importation of fire-arms (1680); and later (1710) for payment—they being creditors to the extent of more than thirty thousand sterling—for arms supplied, of which sum they "could not get a farthing," although ten thousand arms could be "bought up in Holland and ready money remitted to the Dutch." The purchase of weapons abroad is a standing grievance, and has been expressed most emphatically in the petitions of 1680, 1706, 1710; again after the large purchases in 1793, and the attempt to buy up all obtainable in 1803. It also frequently reappears in the parliamentary debates of the present period. Another lasting trouble of the London gunmakers was the competition of the Birmingham manufacturers. (W. W. Greener, *The Gun*, seventh edition, p. 208.)

Birmingham was a village of manufacturers in the reign of Edward III. In 1538 Leland found at the place many "smiths, lorimers, naylors, and cutlers," and, though he does not say so, probably some gunsmiths. In 1643 Nye, a master gunner, tested a cannon which had been made there, and he mentions the fact that fire-arms were made at Bromsgrove, a town mid-way between Birmingham and Worcester. The sword-smiths of Birmingham are supposed to

have furnished weapons to the ancient Britons; certainly the Parliamentarians were supplied with 15,000 Birmingham blades, and other weapons; but gun-making as a separate local industry dates from 1683, when Sir Richard Newdigate, the then member for Warwickshire, procured for the Birmingham manufacturers their first Government contract for muskets. The weapons were approved, and the smiths were able to supply 200 guns a month, being more than were required. Their successes were unwelcome to the London gunmakers, who tried to oust their Midland rivals. In 1707 some 400 Birmingham gunsmiths petitioned Parliament to stop the persecution of the London guild; if it were not stopped they would have to emigrate.

In Birmingham there was no trade union, no guild, no company—every man was free to come or to go; to found, to follow, or to leave a trade just as he chose.

The muskets made at Birmingham were tested there as early as 1693; in 1698 the African trade was opened, and the industry grew rapidly; the Jacobite Rebellion, 1740–5, gave additional impetus to the industry, which in 1798 was of such importance that the Government acquired land and erected a proof house and view rooms in the town. The Ordnance Department then entered into engagements with the barrel-makers, lock-filers, and gunsmiths to furnish the parts, which were sent to London to be set up into muskets, and also purchased finished guns from the Birmingham makers. Large purchases of arms were made abroad, notably in 1803, the year in which war with France was renewed, but no orders for muskets were placed in Birmingham until the following year. During the Napoleonic campaigns heavy demands were made on Birmingham for muskets. When war was declared in

1793 England had but 47,000 muskets in the Tower, and 13,000 at other armouries. France had 558,000 in 1771, and 700,000 in 1789. In 1803 Great Britain purchased abroad 293,000 muskets for £700,000, which could have been made in Birmingham for half the money. At that time the Government was so short of guns that it armed men with pikes. Next year orders were given to Birmingham, and between March 31 of that year and September 30, 1815, Birmingham supplied to the Government 1,743,382 muskets, exclusive of some thousands of a new model. In all 3,037,644 barrels, including 32,682 rifles, were supplied from Birmingham; the royal factories and the London gunmakers producing only 845,477 muskets together. It is estimated that during this period Birmingham produced in all about 5,000,000 fire-arms, whilst the French had only 754,627 from St. Etienne and 279,040 from Liège.[1]

After peace was concluded the Government demand ceased, and King[2] states that no arms were made in Birmingham for the Government between 1817 and 1829; nor were any large quantities required until the Crimean War, but the Birmingham Tower still manufactured to make good deficiencies as arms were issued from the armoury. Flint-lock muskets were made for the Government as late as 1853, for the military trade had sunk to small proportions before the Russian war created a fresh demand for army muskets. On that occasion Birmingham did not acquit itself so well; prices ruled very high, workmen were scarce, and Government employees in the Birmingham Tower were paid as much as four days' wages for one day's

[1] *Observations on the Manufacture of Fire-arms for Military Purposes* By S. King. Art I. Longmans, 1829.
[2] *Op. cit.* Art. I.

overtime on holidays. There are no statistics available as to the number of arms supplied to the Government to meet this war demand.

In 1854 the Birmingham gun trade formed an association to regulate the output, ensure constant supplies at fair prices, fix wages, and determine selling prices. The Association was not liked by the workmen and was viewed with jealousy by the War Department; but it resulted in the formation of the Birmingham Small Arms Company, and the establishment of a model arms factory equipped with the best machinery and appliances, employing a permanent staff of skilled workmen.

The American Civil War caused an immediate demand for muskets and rifles, a demand which Birmingham was able and willing to supply. On December 4, 1861, an Order in Council put an embargo on all shipments, but this was removed in 1862, during which year 388,462 guns were sent from Birmingham to the United States. In the years 1861–4 inclusive there were sent to America 733,403 guns of Birmingham, and 344,802 guns of London manufacture, in addition to many shipped secretly. During this period prices ruled very high, and some of the more able Birmingham workmen were able to earn upwards of £20 each per week; but the demand slackened as the output of the American factories increased, and it ceased before the fall of Richmond brought the war to an end.

The wars on the Continent in 1865–6 and 1870–1 again made the Birmingham gun-trade brisk, but the effect was less than that occasioned by previous wars of the century. Birmingham was better able to meet the demand, another joint-stock company, the National Arms and Ammunition Company, having been formed with modern factories at Sparkbrook, subsequently

the Royal Small Arms Factory, and at Holdford, now utilized by Messrs. Kynoch & Co.

Birmingham was admirably suited to the needs of the fire-arms industry, which affords ample employment for a large number of smiths. The Midland district was peopled by smiths, and has been so from time immemorial. They were people who understood how to manufacture, how to make work tell, how to economize effort, and they were used to hard manual labour. The prices of the Birmingham manufacturers defied competition; this has been, again and again, a source of complaint of manufacturers in France and Germany, and even in Belgium. In 1860 there was a Government inquiry in France as to the operation of the proposed commercial treaty with England. Experts stated that in the fire-arms industry St. Etienne could not compete against Birmingham, and M. Manceaux declared: "The English have the great advantage of being able to manufacture cheaply. Their methods are so economical that even Liège imports from Birmingham great numbers of component parts." Other experts, whilst testifying to the general cheapness of English fire-arms, against which it was hopeless for them to compete, thought Liège as cheap, and in some goods even cheaper; but at that date, for military arms even St. Etienne was cheaper than Liège, which is proof that cheapness of production is only attained by experience gained in a great output over a lengthy period. The late W. Greener, who was not a maker of military muskets, thought Liège could produce more cheaply than Birmingham, but could not turn out such good guns, and this seems to have been the opinion of some experts who gave evidence to the Commission.

The trade in fire-arms for sporting purposes pro-

gressed steadily, as the figures given in Table I show. Makers of sporting guns were attracted to Birmingham, and commenced the manufacture of high-class weapons there. In 1813 the London gunmakers had promoted a Bill making it compulsory for every gunmaker to engrave his name and address on each weapon he made. This Bill was opposed by the Birmingham gun-trade, and did not pass. Many gunmakers were convinced that it was right in principle, and they followed the oldest and best practice of the continental manufacturers in naming their products. The guns of these manufacturers obtained a reputation which reflected credit upon the Birmingham fire-arms industry. The trade in sporting weapons (the "birding" trade as it is called locally) flourished owing to the endeavours of such manufacturers as Westley Richards, W. Greener, and W. Scott, who were so far successful that at the Great Exhibition in 1851 the fire-arms products of Birmingham received due recognition for the beauty of their design and the excellence of their workmanship.

The next generation of Birmingham gun manufacturers carried all before them. It was an age of invention; improvement after improvement originated in the Midlands; and Birmingham guns became famous all over the world. It was a period of much individual self-assertion, of internal rivalry, jealousy, and emulation. There were now not three, but sixty firms turning out guns of high quality. Many of these makers have never been known to the public, as they produced chiefly for the trade, to whom such names as Bentley & Playfair, Hollis & Son, and W. C. Scott & Son mean the best in all that pertains to gun manufacture. Other firms, once highly esteemed, are now names only, such as Cooper

& Goodman, Pryse & Redman, Tipping & Lawden, W. H. Tisdall, and S. B. Allport. Many new firms started, and achieved success and a reputation for good workmanship. Some, as W. Cashmore, Lincoln Jeffries, and W. P. Jones, are known to sportsmen; others followed the older Birmingham custom of anonymity.

The zenith was reached in 1875, when at the great London Gun Trials instituted by the *Field,* Birmingham guns took all the prizes, a success for the Midlands which was repeated frequently on subsequent occasions. From that time Birmingham guns were generally acknowledged to be as good as any in the world, whilst the experts and connoisseurs declared that they were superior to all. They received the highest honours at all exhibitions; they took all the great prizes in open pigeon-shooting contests; Birmingham rifles won at Wimbledon and Bisley, whilst the shooting qualities of Birmingham shot-guns have never been approached by those of any other gun-manufacturing centre. Many years previous to this Joseph Brazier & Sons of Ashes had achieved a reputation for workmanship beyond that any London firm has ever possessed. The inventions of Anson & Deeley, W. W. Greener, W. M. Scott, W. Stanton, and many others had brought the English gun and the methods of manufacture to the highest pitch of perfection, and this reputation still endures, though it was achieved before the last decade of the nineteenth century. Birmingham guns have taken, not once, but several times in succession, all the great prizes at the trap, in the field, and at the target; they have been sought for and used by the leading sportsmen of every country in the world; nor have any of their honours been wrested from them by newer comers into the

arena. In the markets of the world to-day Birmingham guns have no peer, and for twenty years their superiority as weapons has never been seriously questioned. The Birmingham gunmakers were ceaseless in their endeavours to raise the standard; to place it so high that none of their competitors should reach it. They succeeded.

The fire-arms industry on the Continent has a longer history. The first hand-cannons were made at Perugia in the fourteenth century; they were wholly of iron. In 1381 Augsburg sent thirty men armed with hand-guns against the Suabian towns; but the first mention of the harquebus, or match-lock musket, is in an account of the battle of Morat (1476). With the invention of the wheel-lock, afterwards developed into the flint-lock, the hand-gun came into more general use and gunmaking became a separate industry.

In Liège, as in Spain, the first gunmakers were the nailmakers. They made the barrels only; the stocks were fitted by the members of the carpenters' guild, whilst the barrel-makers belonged to the *bon métier des febves,* or smiths. For a member of one guild to do the work of another was an offence which was punished with a fine of three gold florins, and the article upon which the work had been done was confiscated.

In 1672 the proving of fire-arms was made compulsory at Liège, but the production of the guns was controlled by the trade guilds, whose power, though often weakened, was not entirely destroyed until after the French Revolution in 1789.

Several edicts were issued forbidding the Liègoise to manufacture, possess, or use fire-arms, but as edict

after edict was issued to the same purpose it is probable that these prohibitions had very little effect. It was not until 1763 that the Liège gunmakers had full liberty to trade; ten years later the manufacture of air-guns was forbidden. During the war with France fresh legislation was necessary, as the enemy drew supplies from Liège. The order of 1793 not being respected, inspectors were appointed in the following year to confiscate all arms intended for France and arrest the persons who made them. This was the last decree of the Bishop-Princes of Liège.

Under the Napoleonic domination the exportation of arms was forbidden with the exception of fine sporting guns of smaller calibre than 22, which prohibition led to the popularising of the small-bore sporting gun.

The industry progressed notwithstanding the difficulties with which it had to contend. The arbitrary rule of the guilds was a cause of the trade being established in other centres. In the Middle Ages the soldier by profession, particularly if a gunner, was expected to be able to repair and even to construct his arms, and although he undoubtedly called upon the smiths and other craftsmen to aid him, the majority of the improvements in fire-arms were introduced and a knowledge of them spread by the wandering mercenaries of the Continent. The guild rules of France and the Netherlands, by which the right of apprenticeship was a part of the patrimony and refused to foreigners, drove artificers outlawed by their guild to other countries.

The early gunmakers of Liège were not artists; they achieved no such reputation as was obtained by the Spanish and Italian smiths. They were just makers of the ordinary military muskets and the everyday weapons of commerce. But in 1722, when Prussia

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wished to start a fire-arms industry at Potsdam and Spandau, it sent to Liège and not to Suhl for the necessary workmen. It is only since the independence of Belgium, guaranteed by Great Britain, that the fire-arms industry of Liège has developed unintermittently and attained such colossal proportions as the present statistics of production indicate.

Some of the Liège firms are very old-established, one dates from 1770, but it is only during recent years that the manufacturers have taken any lead either in producing new mechanisms or initiating fresh methods of manufacture. But very few of the 160 existing firms even attempt to turn out high-class weapons; the majority are satisfied to make muskets, shot-guns, and rifles of the most ordinary type. The revolver is not a weapon of Belgian invention, but half a million are made in Liège in a year. The firms able to produce arms fit to compare with the best produced elsewhere in Europe can be counted on the fingers; but these have been able to effect a very appreciable improvement in the trade of the district, and through the enterprise of a few men, and the concurrence of the majority of the masters and workmen, a first-class technical school has been founded, and the success of the industry in the future thus assured so far as human foresight can prepare for the changes time will bring. English, German, French, and American ingenuity have been utilised to develop the industry in Liège; foreign capital has also been poured into the trade there without stint; and the Liège country tends more and more to become the manufacturing annexe, not only of free-trade England, but of protective Germany and France. Much has been done by the Belgian Government to foster the Liège fire-arms industry, particularly by requiring Belgian consuls to do their utmost to extend

trade. The British Commissioners reported in 1856 that "thanks to the efforts of their Government the Belgian gun manufacturers made great progress and would become formidable rivals in all foreign markets."[1]

Of the other continental centres of the fire-arms industry the most important is that of St. Etienne, the trade of which is increasing steadily and rapidly. In Germany the fire-arms trade of Suhl is almost as old-established as that of Liège; the industry is flourishing, as it finds ready markets for its products within the German *Zollverein*, in Austria-Hungary, but more largely in Russia and Siberia. The German industry has done more than that of Belgium to improve fire-arms, and the average output is of a higher quality; but the best is somewhat inferior to the best of Liège.

Austria has a small fire-arms industry. The most important is that of the Mannlicher Co. at Steyer, but sporting guns are made in greater numbers at Ferlach, Weipert, and Vienna. Bohemia, the country possessing the best system of technical instruction, has a renowned fire-arms industry centred at and around Prague, whilst the Bohemian gunsmiths are admitted to be unrivalled throughout Germany and Russia, and as skilled workmen are not frequently equalled in any part of the world.

The fire-arms industry of Brescia is also long-established, but its products have no special reputation and are sold chiefly in the protected home market and amongst Italian colonists. The Spanish centre, Eibar, is also without foreign reputation, and its exports are confined to the Spanish settlements in Africa and South America. The fire-arms trade of Russia was

[1] Report, 1857.

introduced into Moscow by Peter the Great, but has never flourished there. More recently it was re-established at Tula under the direction of Col. Berdan, an American inventor, but the products have only a local reputation. There are also Government factories in Finland, in the Urals at Ufa, whilst material is produced at Zlato-ust and Perm.

This brief sketch of the industry at home and abroad is sufficient to indicate that the English gunmakers have had no technical difficulties which they have been unable to surmount; the trade under the patronage of the King, and later fostered by successive Governments, was able for a time to maintain itself regardless of Government contracts. In all that pertains to what guns should be and in what way they should be made, the Birmingham manufacturer has nothing to learn of his foreign competitors; in such purely technical matters he has repeatedly demonstrated his superiority, and, so far as achievements indicate success, the fire-arms industry of the Midlands ought to have nothing whatever to fear from foreign competition wherever it may arise. Unfortunately this is not so. Foreign competition has already made serious inroads upon the British industry, and even threatens its continuance.

CHAPTER II

DECLINE OF THE BRITISH INDUSTRY

ANY assertion affirming the decline of a British industry is so unwelcome that even people who know that a staple trade is decaying hesitate to announce the fact. The evidences of decay escape the notice of the general observer. An annually diminishing output usually remains the secret of the manufacturer. He may be certain that the decline in production is general amongst his countrymen, and not peculiar to his own factory or district, yet he is unable to prove the fact, and refrains from expressing his opinion lest he should be referred by optimistic theorists to general or particular statistics which refute what they hope and believe to be a baseless assumption, statistics which are held to prove that the ruined industry is still flourishing in Britain.

The most usual reference is to the exports and imports of the products of any industry named. The Board of Trade officials themselves assert that "the quantity and value of imports and exports are liable to be misleading when used as a substitute for statistics of production,"[1] and it is our duty to show that in so far as these statistics relate to the industry here treated they do not convey a correct impression of the condition of the trade.

The accuracy of the Board of Trade figures has been

[1] *British and Foreign Trade and Industry* (Second Series, Cd. 2337, 1904), p. 431.

questioned. There are discrepancies between the quantities exported to certain countries and the quantities imported by those countries. These may be due to indirect shipments, to differences in the dates to which the accounts are made up, to goods in transit, and to differences in the declared value of the port of shipment and at destination. But there are other causes. So long ago as 1865 it was pointed out that as an indication of the trade in fire-arms the returns were faulty, because "a very large number of guns which are sent away are not entered at the Customs House as guns at all; the value would in many years equal a large proportion of what is here shown as the total value of the exports."[1] This practice is less general than it was, but in order not to reveal the ultimate destination, or real market, guns and other goods are often sent to various ports for reshipment. At least one-fourth of the enormous exports of fire-arms from Belgium to Germany are reforwarded from the Hanse free ports, and to an even greater extent is this the case with Belgian shipments to Holland. Another method is by transshipment in mid-ocean, which, according to the *Sporting Goods Review*,[2] was practised in 1894 with 150,000 French rifles sent from Birmingham to South Africa, and transferred at sea to a vessel bound for China, then at war with Japan. The inaccuracies therefore are general, and probably more or less constant, so that the figures may be accepted for comparison only with similar returns; they must not be regarded as absolute evidence of anything else than the numbers and values of goods which have been transported at particular dates.

[1] *Handbook of Birmingham Manufactures.* S. Timmins (1866). Article by J. D. Goodman.

[2] *Sporting Goods Review*, Vol. VIII, p. 91.

The British exports are given in Table VI. They show that when allowance is made for exceptional prices during periods of war demand, the tendency is for the quantities to decrease and the price to increase. Thus, if the averages of 1876–80 are compared with those of 1901–5, it is seen that although during the later period we exported annually only about £12,000 less, we supplied but a little more than a third of the number; that in the earlier period we shipped on the average 257,921 arms a year at an average price of 22·02 shillings each, and in the later period only 97,983 guns yearly, but these are valued at 54·64 shillings each.

From no point of view are these figures satisfactory. If they are averaged, as Free-traders are so fond of doing, they show that Great Britain exports about 160,000 guns a year less, with a loss of only about £12,000 in the annual value of the exports. But if Great Britain exported more guns at 15 shillings each, it would be 3·86 shillings lower than the average price in any year since 1873.

When we examine these statistics more closely for the purpose of ascertaining the causes of decay in the industry, we shall show that the quantities are less because Britain has lost the export trade in certain cheaper sorts of fire-arms, and that though trade muskets are not higher priced to-day than they were twenty-five years ago, the average value of fire-arms exported is higher, and this for the reason that expensive breechloaders now constitute a greater percentage of the total exports.

If guns were all alike, the rise in the average value of the arms exported would show an improvement in the industry; but as the value of any one gun entered may be at any price from sixty pence to eighty pounds

the average value is meaningless. Compare these returns with those for gunpowder (Appendix, Table V). During the last fifteen years the export price of gunpowder averages 5·9 per pound, and during this period, although the quantities exported annually have varied from about 6½ to nearly 11¼ million pounds, the greatest variation in price is only ·77 of a penny the pound, or about one-eighth of the average value; but fire-arms are shown to vary in average value from 28·77 to 57·23 shillings each, or in one year nearly double what they were in another.

Both tables show that the quantities exported are not determined by the price; the demand depends upon some other factor than the average price in this country.

The export tables, both of quantities and values of goods shipped, show that there have been, and are still, enormous fluctuations, and that, irrespective of these fluctuations, the trade is perceptibly shrinking, though the extent of the shrinkage is not sufficiently revealed by taking the exports alone. They must be compared with the exports from other countries, for instance, Belgium, thus:—

	British		Belgian
	£		£
1850 . .	236,331	...	197,316
1900 . .	193,838	...	719,518

A clear indication that Great Britain has lost about one-sixth of the trade she had fifty years ago, and has failed to secure any share of the additional demand for fire-arms. After a careful examination of many statistics of production, exportation, and importation of various countries, we estimate that until about thirty years ago England had over 50 per cent. of the world's trade in fire-arms; now, without including the fire-

arms which are used in the countries in which they are produced, England has less than one-tenth of the remaining foreign trade.

Belgium has now about 65 per cent. of the foreign demand for fire-arms; the United States nearly 11 per cent., Germany 6, France 3, Austria less than 2, Spain and Italy less than 1 per cent. each; other manufacturing countries producing but very little more than needed for their own home markets.

British exports of fire-arms should be compared with those of Belgium for a series of years (see Tables VI and VII), and an instructive study may be made of the exports to particular markets. Great Britain is now included as one of the best markets for Belgian fire-arms, but if that be excluded for the present purpose of comparison the countries are :—

BRITISH AND BELGIAN EXPORTS TO CERTAIN COUNTRIES

	BELGIAN EXPORTS. Value in Sterling.		BRITISH EXPORTS. Value in Sterling.	
	1894.	1903.	1894.	1903.
Germany	123,334	122,620	25,156	5,098
France	91,727	113,886	8,169	10,875
U.S.A.	16,211	88,480	5,114	7,628
Russia	2,793	50,121	5,002	3,259
Austria	20,318	41,495	2,671	1,974
Italy	20,000	35,576	2,652	3,643

NUMBER OF BRITISH EXPORTS

	Germany.	France.	U.S.A.	Russia.	Austria.	Italy.
1894	11,474	366	1,009	599	90	247
1903	1,796	277	422	316	75	304

These figures show that Belgium has increased her trade with all countries except Germany, whilst Britain has sent fewer fire-arms to all these countries except Italy, with whom the increases in value are only £991 for

Britain, but £15,816 for Belgium. It is not true that the best markets for Belgian fire-arms are necessarily the best for British, but the figures indicate that Belgium is doing an increasing business in five markets out of six, and Britain a smaller trade in five out of six; the gain Britain makes in one is much less than the loss Belgium makes in another; so that in every way the advantage is with Belgium.

The British imports and exports taken jointly show that the volume of the commerce in fire-arms in normal times of peace is not diminishing rapidly.

The decline of the manufacturing industry is revealed by the falling off in the number of fire-arms produced.

The Board of Trade officials assert that statistics of production generally being unobtainable, and that since, "even in cases in which a serious effort has been made to collect statistics of production on a large scale, it is exceedingly difficult to interpret the results," they think that "a valuable corrective" to the exclusive dependence upon statistics of exports and imports "may be furnished by an examination of such figures as throw light on the relative distribution of the population engaged in various trades and industries at different periods among the principal industrial countries."[1]

Here again the published figures, those of the census, are misleading, and need to be interpreted by one having a more intimate knowledge of the industry than is possessed by even the most able Registrar. The Board of Trade assert that "a unit of population has a different productive value in different countries," and that it is "not safe to assume that the distribution of output corresponds accurately to the distribution of producers," but, whatever allowance we may make for

[1] *Op. cit.*, Cd. 2337, p. 431.

personal equation and individual ability, we do not believe that 3844 (?)[1] Belgians produced 1,795,889 arms against 324,898 produced in the same year by 4225 Birmingham workmen.

The number of persons engaged in an industry is an indication of that trade's potentiality. From the Board of Trade's "statistical tables" we have compiled the following table, based on the returns of the three most recent censuses in the different countries:—

NUMERICAL STRENGTH OF THE FIRE-ARMS INDUSTRY

COUNTRY.	1881.		1891.		1901.
United Kingdom . .	7,741	...	9,398	...	10,189
Belgium . . .	11,600	...	15,179	...	3,844 (?)
Germany (1875–82–95) .	5,516	...	7,340	...	21,904
France (1896) . .	—	...	—	...	17,300
United States (1880–90–00)	4,862	...	4,218	...	5,804
Austria-Hungary*(1890–00)	—	...	6,465	...	2,512†
Holland (1889–99) .	—	...	522	...	1,098
Italy	—	...	—	...	8,128
Switzerland (1895–1901)	—	...	802	...	1,333

(?) Evidently a different classification. See footnote [1].

* Change of grouping; in 1900 the smiths (fine work) doubtless include some gunsmiths of 1890, for smiths have increased by 18,000.

† Arms manufacturers are classed together with machinists and boat-builders, etc.

DENMARK.—In 1897 there were 63 gunmakers employing 147 people.

RUSSIA.—The 1897 return gives 1890 in the arms industry at St. Petersburg and 406 elsewhere, total 2296, but *none* at Tula, Perm, Ufa, and other known centres of the industry.

We turn to the census reports with some misgivings. It is far from our intention to discredit wilfully or

[1] This figure, given officially (Cd. 2337), must refer to another classification of workers; it should be about 14,000. Belgium does average a larger commerce per head of population, but not to this extent. See chap. IV. for the comparative production of the two countries.

belittle in any way the great work officials have done in painstaking endeavours to compile trustworthy statistics. We accept their figures as being correct, but as liable to create a false impression. From the census reports one would judge that the fire-arms industry is thriving in this country and increasing from year to year, as indicated by the following summary :—

Census.	Gunsmiths.	Employers.	Employees.	Workers on own account.
1861 .	11,873	—	—	—
1871 .	11,576	—	—	—
1881 .	7,741	—	—	—
1891 .	9,398	545	8,108	418
1901 .	10,189	341	9,412	398

In 1851 the total of gunsmiths and workers was 7731, of whom 5167 were in the Birmingham district. In 1861 there were 2297 in the London and 8459 in the Midland district; in 1871, 1431 assigned to London and 5931 to Birmingham; in 1881, there were 5281 in the Midland district.

Each census year has been one of unusual activity in the fire-arms industry (see Chart X), for 1861 was the first year of "free trade," and saw the outbreak of the American Civil War, during which the Birmingham fire-arms industry reached the zenith of its prosperity. In 1871 there was an increased output due in part to the Franco-Prussian War; in 1881 trade was better than it had been since 1873; in 1891 the Birmingham small-arms factories were fully employed producing the new army rifle, and apart from this other branches of the industry were producing more than during any of the six previous years. In 1901 the South African War caused the employment of extra hands in the Government factories. At each census therefore the industry was at its best, and consequently the figures do not represent its normal condition. They are, if the totals alone be taken, misleading as to the progress of the industry. In the years of each census machinists,

engineers, and others temporarily employed in gun factories would describe themselves as gunmakers, or in some such manner as would, quite correctly, lead to their being designated as employees in some of the classed groups of the fire-arms industry.

The returns do show that the number of employers has decreased, whilst that of employees has increased, but the extent of this change is not so accurately represented. As a matter of fact there is in the United Kingdom a larger number of gun-sellers, but a smaller number of gunmakers. This we know from the available statistics supplied by the gun-trade registers and trade directories.

For instance, in London there were 101 gunmakers in 1844. In 1880 there were 104 names on the London Directory, but of these not more than 63 were gunmakers and dealers. In 1890 there were 116; the gunmakers and dealers were fewer than in 1880, but the number of agents had increased, and their names swelled the list. In 1906 there are only 96 names, and of these not 20 are actual London gunmakers; 30 are gunsmiths or dealers, and there are 46 agencies of provincial and foreign firms. The master gunmakers in London have decreased by 80 per cent. in sixty years. The number of employees at the few London and suburban factories has undoubtedly increased, and at the Government factories more are employed than was the case thirty years ago.

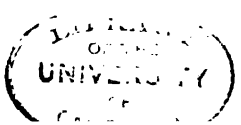
Some of the gunmakers and dealers who remain in London are not so prominent as they were. Only twenty years ago gunmakers were conspicuous in all the leading shopping thoroughfares of London; there are now none in Piccadilly, fewer in Bond Street, St. James's, Cockspur Street, the Strand, and Fleet Street. Some of the firms once occupying imposing frontages are no

longer in business; others have been squeezed into small side streets off the main routes of traffic; some into back streets, some to the south side of the river—removals eloquent of the decline in the relative importance of gun-selling to other retail businesses of the metropolis.

The Birmingham gunmakers also are decreasing in number. An old directory gives the names of 38 gunmakers, 5 barrel-makers, and 6 lockmakers in Birmingham in 1770. A private census of the trade was made at the close of the Crimean War (1855), which showed that there were 6840 working men in the Birmingham industry, exclusive of about 500 bayonet-makers. In 1865 there were 174 gunmakers, 32 barrel-makers, 25 lockmakers, 61 implement-makers, and smiths, etc., to the total number of 600 purveyors of fire-arms and material in the Birmingham district, since when the number has decreased steadily.

Recent registers of the Birmingham gun trade show that there were 81 members in 1891 and 72 in 1901, which number has been slightly exceeded recently, but only 34 firms are represented. Some firms have one or two representatives—there are five Greeners on the Register, all belonging to the one firm of W. W. Greener—whilst the joint-stock companies have three members each on the list. In short, Birmingham has now only about as many genuine gunmaking firms as there were in 1770, and the tendency of the trade is for business to be concentrated in a few large factories, each with its speciality in guns, rifles, or other small arms.

It is only to be expected that in a progressive industry the workers in certain branches will decrease in number, and the branch even disappear. This is so in the gun trade, where various classes of workmen, as jiggers, makers-off, break-off fitters, percussioners, etc., have



been superseded. What is not so easily explicable is the diminution in the number of stockers, lock-filers, and barrel-makers, for on these the production of the gun of to-day is dependent.

Most inexplicable of all is the disappearance of the barrel-welders. About a century ago these men, over a thousand strong, when out on strike against the introduction of roll-welding machinery, stormed an employer's residence. In the middle of the nineteenth century they had so developed their art that at the 1851 Exhibition a certificate of merit and gold medal were awarded for "perfectly forged and welded barrels." In 1893 a series of elaborate tests, made by the Birmingham gun trade at the Proof House, showed that a cheap, welded, twist-barrel had the highest figure of merit for resistance—that is to say, as a gun-barrel was superior to all other varieties tested. The Whitworth steel barrel costing treble the price got the second figure of merit, but the tests showed conclusively that the welded or twist-barrel of Birmingham manufacture was superior to the ordinary steel barrel whether of home or foreign manufacture, whilst these steel barrels were superior to twist-barrels made in Belgium. Some leading gunmakers had long advocated the use of the English twist-barrel, but notwithstanding their advocacy and the added glory of first place in this trial the English twist-barrel was ousted from the market both by the cheaper and inferior barrels of steel, and by the twist-barrels made in Belgium. The barrel-welders of Birmingham although at the head of the industry simply died out—as those of London had done sixty years before. At the present time there is no barrel-welder regularly practising his craft in Birmingham. The Belgian barrels and the plain steel barrels command the market to the exclusion of the English twist,

although some gunmakers still possess large stocks of the sort which, by the tests above mentioned, were proved to be superior in quality and equal or lower in cost. In the circumstances the disappearance of the barrel-welder seems to indicate that other than purely economical conditions obtain in the fire-arms industry of this country. Gun-barrel welding is one of the handicrafts lost to Birmingham entirely, whilst it is thriving in Belgium where increasing numbers have been made since 1893. The loss is due, not to the lack of skill by the Birmingham welders, but to the decay of the British iron industry. The new methods of iron and steel production ousted gun-iron, and as the raw material was not to be had of the qualities formerly on the market, recourse was made to Belgium; but Belgian iron does not possess the quality of the British metal, and the only result of importing the iron was to produce a barrel similar in quality to that made in Belgium but not as cheap, hence barrels were imported subsequently instead of iron.

Another indication of the decline of the industry is the increased demand made upon other countries for supplies both of arms and of material. Not many years ago everything requisite to the production of a small arm of any known type could be found or made in Birmingham; now, so many parts of various guns are imported from Belgium, or elsewhere, that it is certain only a few of the various factories are equipped to manufacture everything the firm lists as its product. One manufacturer has gone so far as to advertise extensively that his factory is the only establishment in the British Empire where guns and rifles of certain types are produced throughout, and we doubt whether, at the present time, there is any other maker who could or would guarantee the same.

DECAY IN A BRITISH INDUSTRY

That so few manufacturers offer to furnish goods wholly of British make is, of itself, an indication of decay in the industry. It is also worth mentioning that for years past there has been in the whole of the British Empire only one manufacturer of revolvers, and that for some years the Webley-Scott Co. have had the sole monopoly, the Government having discontinued the production of revolvers in the ordnance factories.

Amongst the larger manufacturing firms which have disappeared as independent firms since 1880 we may mention :—

The National Arms & Ammunition Co. (Birmingham).
The Braendlin Armoury Co., Ltd. (Birmingham).
The Henry Rifle Barrel & Ordnance Co., Ltd. (London).
The Gatling Gun Co. (works, Birmingham).
Grenfell & Accles, Ltd. (Birmingham).
The Tranter Gun and Pistol Factory (Birmingham).
Bailey, Noakes & Co., Ltd. (Birmingham).
Ludlows' (Birmingham).
Pigou, Wilks, & Laurence, Ltd. (Dartford and Battle).
Newcastle Chilled Shot Co., Ltd. (Gateshead-on-Tyne).
Others, as the Abingdon Works Co., Ltd., still exist, but not as gunmakers or otherwise in the fire-arms trade.

Further evidence may be found in the lower dividends paid by joint-stock companies engaged in fire-arms manufacturing and the collateral trades. It may, however, be said that this shows only that the trade is less profitable, not that it is of less volume. We have no wish to generalise from the figures, as without exact knowledge of the sort of goods manufactured by a particular firm each year it is impossible to say whether the fluctuations are due to the gun-trade or on goods of another kind made by the company. The following merely indicate the general tendency:—

ABINGDON WORKS. Estab. 1874. Re-registered 1889 and 1896. Paid in 1897 20%, then successively 15%, 10%, 6%, 5%, 2½%.

BIRMINGHAM SMALL ARMS CO. Registered 1861, 1873, and 1896. The Company rarely paid a dividend until it commenced the manufacture of bicycle fittings. From its reconstruction to 1902 it paid 20% and a bonus; 1903, 15%; 1904, 12½%; 1905, 15%.

COLT'S GUN & CARRIAGE CO. To November 15, 1904, carried a debt of £16,785 to Profit and Loss Account.

CURTIS'S & HARVEY. Registered 1898. First dividend, 5%; 1902 and 1903, nil; 1904, 2½%.

ELEY BROS. Paid about 25% per annum until 1891; since only reduced dividends, viz. 17½% to 1896; 15% to 1902; 10% in 1903; 5% in 1904.

JOYCE & CO. Paid 6% in 1893; then 3%, 3%, 4%, 4%, nil, 4%, nil, 3%, 4%, 3%.

The MAXIM NORDENFELDT GUN CO. merged with the VICKERS MAXIM CO. in 1897. The HOTCHKISS GUN CO. has paid only on its preference shares. There are companies, as the WEBLEY-SCOTT CO., WESTLEY RICHARDS & CO, which pay small dividends still, but their accounts are not published.

In the previous chapter we have mentioned the Proof Act, which renders it necessary for all arms manufactured in England and Wales to undergo a test at either the Birmingham or London Proof House. The number of these tests, or proofs, constitutes a record of production. The guardians of the Birmingham Proof House publish an annual return of the Proofs made, and have presented a number of charts showing the fluctuations in the annual number of Proofs made from 1857 to 1905. The Belgian Proof House returns also are published, and the two statements of work done constitute an invaluable document of the statistics of fire-arms production in England and Belgium. The

London Proof House, the property of a City company, does not publish any figures, and the only ones available for comparison are a short series for the years 1856–64 inclusive, but enough is known of the London trade to warrant us in assuming that the total Proofs of London to date is a negligible quantity in any deduction, and that so far as the figures do fluctuate it is in unison with the rise and fall of a certain class of proofs at the Birmingham house. Now that the Birmingham officials charge the same fee for proving foreign arms as is the custom in London, probably more foreign-made arms than heretofore will be proved at London and fewer at Birmingham, making it still more difficult to arrive at the approximate number of foreign-made fire-arms brought into this country for trade purposes.

The statistics of Proofs are shown in Chart X; it will be seen that the Birmingham and Liège Proofs during the period 1864–85 fluctuated almost simultaneously and with fair uniformity, if we except Birmingham's rise and Belgium's fall due to the Franco-Prussian War. From 1876 the Belgian Proofs commenced to predominate; from 1877 to 1885 both centres of production seem to have been affected by the same general market fluctuations restricting or promoting production; but from 1885 the Birmingham Proofs declined, whilst those of Liège increased enormously, and although both have been influenced since by varying changes in the demand, those of Liège have maintained a much higher general level numerically.

From a close inspection of the curves it is apparent that both in 1876 and in 1886 the Belgians obtained a portion of the trade Birmingham had hitherto possessed. From 1886 the upward curve indicating Liège production corresponds with the downward curve of Birmingham production, thus proving that the Liège

manufacturers were benefiting again by Birmingham's losses. The greater extent of the upward curve is due to two causes: first, the particular branches of the trade Birmingham lost became brisk, and, second, the "Proof" unit is not of the same numerical value as one gun. Some arms are proved but once, some twice, some four, some six times; and whilst one revolver may account for six or seven "Proofs" a pistol was formerly only one-half a Proof unit. These differences so long as they are constant factors do not detract from the value of the curves as indicating the course and volume of production at the two centres of the industry. The chart shows, and the figures upon which the chart is based prove, that Birmingham is not producing the same proportion of the world's annual output of fire-arms as was the case prior to 1875 and 1886; and that Liège has increased its proportion to a greater extent even than Birmingham has lost.

According to the Proof House reports, Liège is not the only centre of the fire-arms industry where the output is increasing; Birmingham seems to be the only one at which the production is steadily decreasing. Some statistics of production are given in Table IV; briefly they show that in ten years France (St. Etienne) has trebled its annual output; in five years Spain (Eibar) increased its production of shot-guns 53 per cent., and shows increases in all other fire-arms except rifles; Austria's production is increasing, so is that of Germany, and that of the United States of America perhaps more so than any.

Commenting upon the Proof House report for 1904 *The Sporting Goods Review* says:—

> Liège last year had Proofs in number 411,885 (some 19 per cent.) above the average of the decade, whilst St. Etienne in

like manner was 31,782 above the average, the latter increase, in proportion to the total of Proofs (87 per cent. increase) showing a materially more rapid growth in France than in Belgium. Birmingham on the other hand fell below its decennial average by 62,933 Proofs, some 19 per cent., or about as much under the expectation of the period as Liège is over it. Extraneous circumstances, as has been pointed out, may have affected the total for 1904, but over the whole period of ten years there is no evidence of such growth at Birmingham as the foreign Proof Houses record (p. 96, May, 1905).

The explanation may be left until we come to the consideration of the causes for the decline; for the present it is enough that there is evidence of production to prove that the decay of the fire-arms industry in England is real and extensive.

The statistics of production at Birmingham and Liège are given in Tables I and II; they show the transference of the trade centre from Birmingham to Liège during the last twenty-five years. Without going into details or matters of ancient history here, the contention is made good by the following figures:—

THE OUTPUT OF FIRE-ARMS

	1885.	1895.	1905.
Birmingham Proofs .	501,634	328,791	337,457
Liège Proofs . .	840,085	1,786,206	2,682,111

The evidences of decline comprise a lessening output at the British centre of the industry; increased outputs at foreign centres of production; British exports of fire-arms are decreasing in number and value; British imports are increasing; the number of fire-arms manufacturers and manufactories is less than it was twenty-five years ago, but the number of retailers and merchants has increased; certain branches of the trade have dis-

appeared; the industry is less prominent than it was; it is not so profitable as it used to be.

It is evident that the industry is decaying at Birmingham, and as Birmingham is the only producing centre in the British Empire, a total population of 400,000,000 British subjects should depend upon the Birmingham industry, not only for their sporting fire-arms, but may have to rely upon this centre for all the weapons of war needed to defend the Empire. Thus the importance of the industry is not easily over-estimated, and its decay is a matter of national concern.

CHAPTER III

SOME CAUSES OF DECAY

CAUSES, like origins, are ordinarily difficult to ascertain. They possess in common that quality of elusiveness which adds zest to the quest; moreover, in the search for them there is usually a chance for patient investigators to discover something else, which, if not new, at least is unknown or not generally observed. Every investigation into sources therefore promises interest if not profit.

The fire-arms industry originated in civilisation and has progressed; it is subject to the general law governing industrial development among civilised peoples. To ascertain the cause of its decline in this country a knowledge of the means used to nurse the industry here will be serviceable, for the same conditions which allowed of progress may not now prevail, and if this be the case there is at once an indication of the direction in which investigations should be prosecuted untiringly.

The other line of investigation promising success is derived from comparisons of the conditions here with those existing in other countries, chiefly those countries where the industry is not only still flourishing, but even now growing steadily and rapidly.

The history of the fire-arms industry in this country and abroad has been given already at sufficient length for the present purpose. It shows that both on the Continent and in England those who followed the

industry were protected by powerful patrons, by sovereign rulers, influential guilds, and, ultimately, by the state.

No manufacturing industry, such being an artificial and not a natural product, can originate or progress without some sort of protection. That is the story of all arts and handicrafts as recorded in the history of civilisation. The nature and measure of the protection alone differ. It is sufficient, perhaps, to safeguard the primitive husbandman from the incursions of predatory animals and human enemies; to protect the artist and author by copyright enactments, and the inventor by granting him time-limited monopolies. The trader is on an entirely different footing. But even commerce requires certain protection; for instance, a short end would have been made of the British opium traffic with China but for armed intervention in the interests of the trade.

When a manufacturing industry has been nursed into strong growth, those dependent upon the industry for their livelihood become sufficiently numerous to support each other when and where the interests they have in common are threatened from the outside. The measure of special protection these individuals then require is less apparent. But to ensure their continuous prosperity it must nevertheless be accorded; for all industries are with civilisation engaged in an unceasing war against nature. A patch of ground may be cultivated until it yields heavy crops; but immediately it is neglected the crops and fences disappear, and the garden reverts to its primitive weedy, unproductive state. In the same manner if our industries are not continuously fostered they will disappear. That is nature's law.

All arts and industries being the product of civilisa-

tion are unstable. Actually they either progress or relapse; no stage in their development is permanent. A business either grows or decays; even the merchant must do an increasing trade or lose what he has.

There is, of course, a limit to expansion. If the limit is only local and not general in its application, or if it is of short duration, it is not a natural limit, but an artificial imposition not irremovable. The artificial limit is a restriction preventing or hindering development; such, when persistent, produces decay.

Viewing the English fire-arms industry in the light of these truths, its present condition is not hopeless. The decline is due to removable restrictions.

The demand for fire-arms fluctuates but does not diminish; there is no lessening of the number of people who use guns. The world's output is increasing; moreover, the quantities exported annually from the different producing centres in this century aggregate more than at any previous normal period during last century. This is proved by the value of the annual exports of fire-arms from Belgium, France, Germany, Spain, and the United States of America, as given in Tables VIII–XI and XVIII.

This fact narrows the scope of our investigations. We have now to ascertain why it is that forty years ago Britain could, and did, send abroad more in one year than it does now in five. In 1862 England made and exported 702,254 fire-arms, value £1,573,706; in the first five years of this century England has exported only 489,915 guns, which are valued at £1,342,907 altogether, whilst from the other producing countries named the value exported exceeded £7,300,000.

It is not that the demand for the requirements of the United Kingdom has increased; actually it is less than it was some years ago. It is true Great Britain

imports more, but this is because it produces less, and her manufacturers are losing the home market.

What are the conditions unfavourable to the progress of the industry in England? We have already shown (chap. I.) that the industry was favourably located in a district suited to the needs of manufacturers. We showed that the natural resources were utilised fully, that the employers secured the best workmen, and so divided the labour that the highest industrial efficiency of the group was attained. We demonstrated also that there was neither lack of ingenuity nor want of mechanical skill; the products were of the highest possible quality, and produced at the lowest cost. The Birmingham makers beat their competitors both in the quality of their wares and the prices at which they were able to sell them at a profit. What is more, we indicated that the industry was capable of indefinite expansion, and whenever a call had been made upon it for increased supplies, it had always been able to respond in a manner described each time as "simply marvellous"—in the fire-arms industry Birmingham was always "able to deliver the goods."

We have also shown (chap. II.) that the industry is decaying; that a part at least of the trade has been diverted from Birmingham to Belgium, and that the tendency is for the industry to wane still further here and to wax immensely elsewhere.

To ascertain the causes of this change it seems most profitable to institute a close comparison between the output of Birmingham and that of other centres of the industry. The chief centre for comparison is Liège, not because Liège is increasing its output more rapidly than other foreign centres—the fire-arms industries of France and the United States are both making more

rapid headway than that of Belgium—but because the two centres have many features in common. Both Belgium and England are limited monarchies, with Governments virtually elected by the people; in both countries the fire-arms industry has been established for centuries. Both affect "free trade," in so far, at least, as that the free importation of fire-arms, raw material, and component parts is allowed. There are, indeed, more apparent similarities than conspicuous differences existing, so that the exact causes of the fire-arms industry waning here and waxing there should be the more easily discovered than if comparisons were made of the conditions existing in England and France, or England and any other country equally dissimilar. The most important resemblance between Belgian and British conditions is that in this industry (and some others) both countries do not consume a large portion of the wares they produce, but export more than they retain.

This choice also relieves us from the consideration of some mere fanciful speculations as to the causes of the decay in the British industry. It eliminates from the list of suggested possible causes several highly controversial themes, such as, the benefits or disadvantages derived from a republican form of government, and the influence of differences in the form of the national religion of the respective countries. The increased outputs of France and America, conjointly with the growth of the Belgian industry and the decline in England, also preclude the success of these foreign industries being attributed to any supposed superiority of race, climate, and, we were going to add, geographical situation; but on consideration it does appear disadvantageous to be located on an island. The insular position and the prevailing fiscal policy of

this country *may* have some bearing on the course of its fire-arms industry, and both points shall receive due consideration as soon as the field of investigation has been sufficiently narrowed to admit them at their proportionate value.

First we must examine closely the statistics of production at Birmingham and Liège as demonstrated in Chart X, and specified in Tables I, II, III, IV, and note particularly the more pronounced fluctuations.

We will take first the ascending curves, and begin with the rises in the line indicating the number of Proofs of the Birmingham trade. The most marked increases of output are in 1862, 1868, and 1871, each one of less extent than the preceding rise. These are the dates (from the trade standpoint) of the American, Austro-German, and Franco-Prussian wars, and an analysis of the Proofs shows that the increases are due primarily to the demand for military arms. Subsequent to these dates there were wars, as: the Turko-Russian, the Egyptian campaigns, wars in South Africa, the Chino-Japanese war, the Philippine and Cuban campaigns, the Boxer rising, the South African war, the Somaliland campaign, and the Russo-Japanese war, but their influence is not reflected in the chart by a marked increase in the number of Proofs at Birmingham. If we compare the fluctuations of the Belgian trade as indicated on Chart X by the dotted line, we see that the Belgians did not benefit by the American war to the same extent as Birmingham did, and that the Belgians were later in getting a share of the extra trade. The Austro-German war affected them but little; the Franco-Prussian war even less, and that only previous to the outbreak of hostilities, for Belgium by reason of its geographical position was forced to observe the most strict neutrality during

the war. Some idea of the effect of these and subsequent wars on the Belgian fire-arms industry may be obtained from the following figures:—

ANNUAL INCREASES IN LIEGE PROOFS

Date.	Classification. Military.	Pistols.	Single guns.
1870	19,700	126,000	36,000
1873	10,000	10,000	26,000
1877	15,000	40,000	—
1878	22,500	62,000	16,000
1880	9,600	19,000	46,000
1881	46,000	38,000	5,800
1882	5,000	—	45,000
1886	10,000	37,000	331,000
1887	5,000	—	128,000
1889	9,000	60,000	134,000
1890	—	—	120,000
1891	4,500	19,000	45,000
1893	126,000	50,000	28,000
1898–9	88,396	1,000,000	1,111,948

The "Proofs" of military barrels so greatly in excess of the average of preceding years as to indicate a war demand were in the years 1881, 1893, 1894, 1895, 1896, 1899, 1900, 1902, and 1904, corresponding with the dates of hostilities in South Africa and the Far East, and the re-arming of certain European and South American States.

These figures indicate that in comparison with the fire-arms trade of the United Kingdom that of Belgium retains the larger share of the military trade; though not the whole of the increases given above are due to military arms. As a matter of fact, the military branch of the fire-arms industry is becoming of less importance to the gun trade, as must be the case when most of the great powers manufacture their weapons in their own State factories. This is so in other producing countries; Austria and Germany have the largest share of military small-arms trade, that of the United

States having decreased; the output in the great factories being not more than 5 per cent. of their total production.

Turning again to Chart X, we now regard the depressions of the lower line indicating decreases in Proofs. There is no such thing as a normal level for the line: an ideal line would be one steadily ascending at an angle of fifty degrees; an average line might be made by reducing the arms proved at Liège and Birmingham to a common classification, and making the average line midway between the corrected curves of the two Proof House statistics.

We assume that from 1876 to 1885 Birmingham had lost to Liège much of the musket and military trade. From 1885 to 1890 Birmingham did not share in the improvement Liège secured; another branch of the industry was being sapped. The figures show:—

FURTHER INCREASES IN LIEGE PROOFS

Date.	Single guns.	Double guns.
1886 . . .	331,400 ...	100,000
1887 . . .	128,000 ...	84,000
1888 . . .	59,000 ...	—
1889 . . .	134,500 ...	62,000
1890 . . .	104,100 ...	71,000

In 1888 the double guns proved, although fewer than in 1887, amounted to 341,755, or 226,455 more than the average of the quinquennial period 1876-80.

At Birmingham the chief decreases were in muzzle-loading shot-guns, of which the Proofs were only about one-fourth of the preceding quinquennial period; in birding breech-loaders, 38,000 per annum less; and the minor decreases were in revolvers and military arms.

These increases and decreases show that during this period, 1885–90, the Belgian manufacturers secured a large portion of the trade in sporting arms, a branch of the industry for which Birmingham had become famous all the world over. The destination of the

guns, and the explanation of the Belgians' success in securing markets, will be given in subsequent chapters.

At this date, as at later periods, the Birmingham factories were capable of an increased output; manufacturers and workpeople wanted more work; it was against their wish that orders were sent to other centres of the industry than Birmingham. So far as we know, it was not the fault of the Birmingham trade that foreign competitors succeeded where Englishmen failed. If this be so, and we will assume that it is, the causes of the decline in the industry were the result of conditions beyond the control of the people engaged in the English trade. Of these causes there must be some evidence. The events are of such recent date that the discovery of sufficient proof of their existence and power can present no insuperable difficulty. We shall endeavour to identify them.

Before we proceed to assign a specific cause for isolated instances of decreased output, we will explain the position of manufacturers generally.

A painstaking and trustworthy investigator of the industries of Great Britain, Germany, and the United States has declared that in no country has industrial efficiency attained a higher development than in England.[1] British manufacturers do not lack intelligence, energy, knowledge, enterprise, or any quality necessary for success. Nor do they lack capital. They and their employees are ready, anxious, willing, and able to produce goods of the best quality in the most economical manner; they are masters of their craft, and they work by the best methods. This at least is applicable to those in the British fire-arms trade generally. If we say that there is in the aggregate less time,

[1] *Industrial Efficiency*, Dr. A. Shadwell.

thought, and energy bestowed on the industry than formerly, this does not apply to the separate firms of manufacturers taken individually, for they are as keen and able as any of their predecessors. Nor, when we state that the trade is less profitable than it was, do we get any nearer to discovering the cause of its decline. If we omit a few instances in which individual gunmakers may have been influenced by some such proverbial warning as "Do not put all your eggs in one basket," we shall find that there has been no hankering after other investments for any other reason than that the gun trade has wasted. It has not been starved by those engaged in producing guns. There has been no lessening of concentration upon the gunmaking business by those concerned in the industry, and no slackening of effort by them.

Yet the trade has declined; that is unmistakable. Its natural development has been arrested. Granted that those engaged in it are all that we have stated, which is less than we have found them to be, it is certain that the trade could only be stayed by the outside conditions prevailing being unfavourable to its progress.

The law of supply and demand is fettered by legislation, for legislation imposes conditions which affect supply.

In Great Britain we have many legal regulations affecting the production, sale, use, and export of firearms, and in British colonies, as in foreign countries, there are laws prohibiting or regulating the importation and use of the products of British industry. Not one of these laws is promulgated with the intention, implied or expressed, of benefiting the English manufacturer. Some are intended to benefit other people —which is to the detriment of the English manu-

facturers; others are intended to benefit everybody—which is absurd.

The fire-arms industry is a case in point. No country has such natural and organised facilities for the rapid production of fire-arms as England possesses, and in no foreign centre is the industry so heavily handicapped by legislation as it is at Birmingham.

This legislation may be classified. Commencing with home legislation, there is first that of a general character, affecting every British subject resident in the United Kingdom; then that applying only to England and Wales; then that still more affecting those who manufacture—the whole of which may be termed general legislation affecting production.

In the fire-arms industry there is special legislation affecting production, which must be considered apart from the general legislation, and in this specific legislation must be included the competition of the State factories for the supply of military weapons.

The next class includes all legislation affecting the sale and use of fire-arms within the United Kingdom and Ireland, and it comprises Game Laws, the Gun Licence Act, the Explosives Act, the Pistols Act, the Irish Arms Act, and other measures directed against a general trade in fire-arms.

Another class comprises legislation affecting the export of British manufactures, and includes such laws as the Foreign Enlistment Act, the Customs Act, Orders in Council, as well as sundry arbitrary proceedings hampering the export trade to foreign countries.

The remaining classes may be divided as: first, Indian and Colonial legislation affecting the imports of British manufactures; second, the legislation of the foreign countries of the eastern hemisphere prohibiting or restricting the importation and use of British fire-

arms, and regulating the admission of British commercial travellers and English goods; and third, the working of "protective" legislation in the American republics, particularly in so far as it affects the fire-arms industry.

With regard to home legislation, we shall show, and attempt to prove, that the general effect of all legislation is to increase the cost of production, and with regard to foreign legislation that no serious attempt has been made by the British Government to lessen the burdens foreign authorities are imposing upon British manufacturers doing an export trade. So far as we know, there is but one Act on the statute book which is intended even indirectly to benefit British manufacturers, and this, the Merchandise Marks Act, has been used to the detriment of our industry, as set forth in chapter VII.

The writer when a boy was surprised to hear an Englishman declare that the laws of England were inferior to those of Roumania, in which country the speaker had been long resident. That speaker was right; but it does not occur to the average stay-at-home Englishman that his laws are bad. Not all of those who travel know how badly England's laws compare with those of modern progressive countries; but the experts know, and have known always. Mr. Pepys records in his diary: "Mr. Prin did discourse with me a good while about the laws of England, telling me the main faults in them." Mr. J. M. Lely, the editor of *Chitty's Statutes*, and a keen critic of new enactments, many times has pointed out faults in the statute law. For instance, in his preface to the *Statutes of the Realm for 1904* he writes:—

I will now venture to make a few contributions to reforms increasingly needed. . . . (3) Prepare a breviate to each Bill,

pointing out (with statistics if necessary) the existing law, *the mischief caused by it*, and the character of the remedy proposed.

It is not that British legislators do not know the faults of the existing laws, or that they are quite ignorant of the superiority of foreign enactments; only that they are irresponsive to any outside stimulus.

As a case in point we will take the Patent Laws. A committee of the Society of Arts, appointed nearly half a century ago to examine and report upon the legislative recognition of inventors, declared that the existing English law was too bad to be capable of effective amendment in detail, but required alteration in principle if it was to protect inventors.[1] Since that date the Legislature has amended the Patent Law several times, but always by modifying details, altering rules, reducing and readjusting fees, or otherwise attempting to amend what is really a bad law—unusually bad; because an Act intended to add to the revenue from taxes on inventors and patentees is being made to serve as a statute conferring a proprietary right in new discoveries.

The rights and wrongs of inventors need not be considered here. We have to show only in what way the law acts to the detriment of the community and how British compares with foreign legislation.

An English patent costs about £10 a year in Government fees. But we can patent in France for £4 a year, and this one payment there gives protection to our invention in Algeria, Madagascar, and Tunis also. A German patent also protects in all German colonies,

[1] "Whilst the whole superstructure rests upon the fallacy that inventors' rights are boons to be granted or withheld, and not the rights of intellectual labour, *it is idle to attempt to amend the details* of the system." (*Report of the Committee of the Society of Arts*, 1850.

but the British patent does not extend even to the Channel Islands. There appears to be no detached portion of British territory which has not the right to tax the British inventor and patentee for a registration which is not even a certificate of validity. The colonists take every advantage of this privilege. The cost in taxes, or official fees, for protection during the fourteen-years term of a British patent amount to over £1606, excluding Ceylon, the Leeward Isles, and Newfoundland, where the fees are variable and conditional. Nor does this sum include the additional cost of compulsory advertising required by Cape Colony, Grenada, Mauritius, Rhodesia, St. Lucia, and the Transvaal. Nor yet does it include agents' fees, which are considerable, the minimum charges of London Chartered Patent Agents being as under:—

Colony.	Years.	Tax.	Agent's fee, including tax.
		£ s. d.	£ s. d.
Australia .	. 7 ...	2 0 0 ...	22 0 0
Canada .	. 6 ...	4 0 0 ...	12 0 0
Cape Colony	. 3 ...	7 0 6 ...	22 10 0
India .	. 4 ...	3 6 8 ...	13 0 0
Natal .	. 3 ...	5 7 0 ...	16 10 0
New Zealand	. 4 ...	2 10 0 ...	11 10 0
Transvaal .	. 2 ...	3 0 0 ...	21 10 0
	Total	27 4 2	119 0 0

As the taxes required in the British colonies are upwards of £1600, it may be assumed that the cost of patenting throughout the British Empire would amount to many thousands of pounds when agents' charges are paid in addition to the Government fees. This last is rarely done. As Mr. Edison said long years ago, if he had protected his inventions wherever they could have been patented he would have needed over three

million pounds sterling to pay the Government tax alone.

Whereas foreign countries generally require the invention protected to be worked in the country granting protection within from one year (Belgium) to five years (Russia), neither Great Britain nor any of her colonies or dependencies has adopted this manufacturing clause.

The result is that the new inventions of foreigners are, or can be, protected everywhere throughout the British Empire, but may be produced in any other country; whilst the goods invented by British subjects, in order to have the monopoly a patent confers of the Belgian, French, German, or other foreign market, must be manufactured in Belgium, France, Germany, and other countries respectively. Holland, Montenegro, Roumania, and Servia do not grant patents; all the other countries of Europe (except Denmark) require the articles protected to be produced in the country, but not in their colonies. The reason is obvious. The same rule is observed by Japan; and the same holds good of the South and Central American republics. Even Bolivia, Costa Rica, and Ecuador require protected inventions to be exploited locally. So does Liberia, the African free state. The United States is the leading exception to this common-sense policy; but in that country manufacturers are protected by an effective tariff against both patented and unpatented articles wherever produced. Thus the inventions of British subjects have to be exploited abroad in order to hold foreign markets, but the goods need not be manufactured in any of the British possessions. They have been, and are, made abroad and sold in Britain and the neutral markets.

A secondary result is an increase in the importance of foreign manufacturing centres. Before the United

States granted copyright in foreign books produced in that country, manufacture was more costly there than it is now. The impetus given by the Copyright Act to manufacture, because of the manufacturing clause it contained, not only led to an enormous increase in the output, but the cost of production was reduced, and now certain sorts of books are produced in the United States more cheaply than in free-trade England. In the same way the inventions of British and other gun-makers exploited abroad have added to the importance of the fire-arms industry at Liège and elsewhere.

The numerical importance of the manufacturing clause to this country may be estimated from the fact that half the patents issued in England are granted to foreigners. They reached 50·5 per cent. in 1903. In ten years, 1884–96, British patents were granted to 10,351 French citizens, to 18,675 German subjects, and to 25,366 American citizens; and in five years 498 were granted to Hollanders, whose country does not grant patents at all.

About ten years ago it was pointed out that the adoption of the manufacturing clause would give an immense impetus to the manufacturing industries of Great Britain; that in order to secure the British market foreign inventors would exploit their inventions in this country if they had to do so; and that with the chief new industries and the most improved processes of manufacture thus localised, many of the foreign and neutral markets would be supplied from Great Britain with such British wares as it pays England best to produce. It was shown that the longer the change was delayed the less Britain would have to offer as an advantage to inventors and manufacturers; and an extension of the British patent to the limits of the British Empire was advocated.

To make success absolute a British patent should apply, not only to the United Kingdom, but, like a copyright, to the whole of the British Empire. Then economical reasons alone would decree whether a new industry should be founded on the banks of the Thames, the Clyde, or the St. Lawrence; whether in India, Africa, or Australia. It is a dream which, if its realisation were possible, would remove for ever the fear that the fight of the British race for supremacy may degenerate into a struggle for subsistence. (*To-morrow*, Vol. III, p. 310.)

The present writer knows that this policy, of extending the territorial limit of the English patent and the adoption of the manufacturing clause, was brought to the notice of the Colonial Ministers who visited England for the Diamond Jubilee in 1897; also that it was broached a second time to Ministers attending the Coronation in 1902; but the only visible result is that, when in 1906 the matter is brought to the attention of the President of the Board of Trade, he answers that it may or may not be desirable, but the subject is not within the limits of practical politics this year.

So far as the fire-arms industry is affected by the present policy, the effect is represented in the output of Birmingham and Liège as set forth in Tables I and II and shown in Chart X. In 1897 the gun-barrel Proofs at Birmingham numbered 402,115, those of Liège 1,712,800, while in 1905 Birmingham had only 337,457 Proofs to 2,682,111 at Liège. The number of patents granted to foreigners has increased; such inventions as the Mauser rifle and the Browning repeater are made in Belgium because of the manufacturing clause, which requires that the German and the American invention shall be exploited in Belgium. Great Britain imports these rifles from Belgium, as she imports the Mannlicher rifles from Austria and the

Winchesters, Marlins, Colts, etc., from America. The Nagant rifle, adopted by the Russian army, is a Belgian invention, but it is exploited not only in Belgium, but in France; and had manufacture been compulsory to maintain a British patent, most of these rifles, and many other inventions, would have been manufactured in Birmingham instead of the finished article being brought there for sale.

In these ways general legislation tends to injure British industries, and to encourage Britain's foreign competitors by offering them a free market for their manufactured goods.

It may be urged that there is seeming inconsistency in attributing the causes of decay to legislation and at the same time implying that legislation is necessary to remedy the effect. In this treatise we are not concerned with remedies, other than those directed to the removal of the causes. We suggest in chapter XII. what, in our opinion, would be useful if done, but we do not presume that it will be done. The chief cause of decay is the burden imposed on productive industry by legislative enactments, by laws of which the administration is invariably costly. If these were removed it is apparent that productive industry would be relieved, and might then support other burdens, foreign or domestic, but we think the statement made in chapter X. is conclusive. Legislation may hamper and hinder commerce; a different kind of legislation may encourage production and develop trade. It is possible by legislation to hamper home production and encourage the importation of foreign manufactures; it has been found possible by legislation to foster home production and hamper foreign production, to deny foreign-made wares a market or markets, or to exact market tolls, so there is nothing really inconsistent

in expecting legislation to remedy the evils it has wrought.

If productive industry is deemed of such value to the British Empire that it must be developed at all costs, then we have a definite policy which all future legislation must be directed to forward. The protection alone of productive industries is insufficient now that the productive industries of competing countries are not only protected, but actively encouraged and developed by all means within the resources of each state. The strong man robs his foes, the weak man mulcts his friends for his support, and industrial states in their foreign policy are merely an aggregation of strong men or of weak ones.

In plain English, certain foreign states are more or less successfully robbing Great Britain of her trade, and in our opinion this is a matter of as vital importance as robbing her of her territory. If our legislators were manufacturers and not landowners, the relative importance of trade and territory would appear to them other than it does now; yet more Englishmen derive their livelihood from the product of their labour in the manufacturing industries than derive it from the cultivation of English soil. In our opinion British trade is as well worth defending as is British territory, and all attacks upon it should be as fiercely resented. That is the policy we wish to see adopted, not by a political party, but by the English nation. When the people have adopted that policy, when they have ascertained the causes of decay, not only in one manufacturing industry, but in all, it may be of use to suggest particular remedies for particular evils, but to do so now is tantamount to prescribing medicine to one who believes himself to be in perfect health of body and mind, and such a one would throw physic to the dogs. It may be

said that we have shown in this treatise that the particular industry in which we are concerned is very sick indeed, and that a remedy for its present unsatisfactory condition might at least be suggested. In that case we can answer only that the English political climate is the cause of the trouble, and that as we do not wish to transfer the industry to more congenial and bracing surroundings, we are content to direct attention to the causes of its premature decay.

It is a moot point whether the growth of manufacturing industries abroad is a cause or an effect of the decay in British industries, but it is certain that the increase of this competition is an accelerating factor in the decline now prevailing. There is no doubt that from the point of view of the interests of the manufacturing classes the World's Exhibition of 1851 was a great error of judgment. The exhibits helped foreigners without benefiting English producers. Another minor factor in the problem is the inability of British manufacturers to obtain as high a return from their capital in the United Kingdom as they secure from an investment in a manufacturing industry abroad. The capitalist, save for sentimental reasons, does not care where his factory is located. If a mill on the Neva or Whangpoo will return him 50 per cent. per annum or more, and one in Lancashire only 5 per cent. or less, more mills will be erected and run by him abroad and fewer at home. The more profitable employment of capital at home in productive industries is a matter which concerns the workpeople more materially than it does the capitalists, and workpeople owe it to themselves that openings be found for the remunerative employment of capital in productive enterprises in this country. Another matter, which is cognate, and will need their consideration, is the status of the British

subject in foreign employment. Thousands of workmen have left England for their own good, and taken with them the knowledge by which their fellows earned their daily bread. They have taught the foreigner to be as clever in their handicraft as themselves, and thereby have deprived Great Britain of a portion of its market for surplus produce. Already the United States of America—in which there are millions of British subjects—is considering the advisability of expatriating American citizens who are resident abroad for a longer continuous period than five years. Great Britain still protects as British subjects thousands of people who have never seen British soil, but whose parents, and grandparents even, have lived under foreign flags whilst retaining British nationality. Often these people in their sympathies are more anti-British than are the foreigners amongst whom they sojourn. These settlers believe in the protection of their market against the inroads of the British manufacturers' goods, and they are not helpful either to the British state or to British commerce; but there are others. If the British Empire is to be knit together, it must be by those possessing common interests and a common ideal.

Those British subjects whose interests become foreign, by employment and sojourn abroad, ought to be expatriated in the interests of the community; they are runners weakening the parent stem, and should be pruned away. Empire-building is a subject quite outside the scope of this treatise, and we have alluded to these subsidiary matters simply because the diffusion of technical knowledge and the employment of British capital abroad have injured the working classes of Great Britain by increasing the supplies of goods which only they were once able to produce; in fact, have robbed them of a vital advantage. Great Britain cannot revert

to the *status quo* before 1851, but the people of Great Britain, when they realise what has injured their productive industries and is injuring them still, may take such steps as will enable their country to regain and maintain its industrial supremacy. They can do that when they are in earnest and intent upon achieving their end.

CHAPTER IV

ECONOMIC PRODUCTION

MEMBERS of every trade, profession, and calling have the habit of congregating; that "birds of a feather flock together" is one of nature's laws. The reason for this association is the mutual dependence of individuals, and the dependence of the individual on the group. For the group itself becomes an organised entity, having qualities other than those possessed by its components. By reason of its aggregated energy a mob of ten thousand is of greater potentiality than the sum of its ten thousand separate fractional parts. Just what this plus quantity is we cannot easily define. For our purpose we may liken it to the momentum of a body in motion; or to stored energy, its volume determined by the number of individuals, just as momentum is proportionate to the weight of the moving mass. Actually, it is much more than this.

Reduced to its prime value as a unit in the integer of industrial activity, this momentum is equivalent to progress; the lack of it results in stagnation—that stagnation which must be followed by decay and ultimate extinction. In other words, in the manufacturing crafts, as in all arts, the isolation of the individual deprives him of incentive to perfect his craft. Place anywhere in solitude the most promising and prolific of artists, at the end of forty years he will be no more able to achieve greatness than was Baron Trenck when liberated; move the best-equipped mill and its trained

staff from Lancashire to the desert, and after a few years it will be able to produce the lowest grades of goods only.

Production, to be progressive, needs the constant stimulus of competition. The producers when thrown together in common association benefit by their own comparisons of the articles produced and the methods of manufacture; they strive to surpass each other and are awakened to fresh effort by the successes of their competitors, whose best all emulate and the most competent ultimately transcend. If this be true in the arts, it is more generally applicable to the crafts, where the end sought is not always artistic excellence, effectiveness, or serviceability, but may be, sometimes, economical production and any one of the many points which tend towards obtaining the money reward which is the sole end of business. Artists are invariably the keenest critics of art, as authors are of literature, seafaring men of seamanship, and manufacturers the most competent judges of craftsmanship. Slight praise from an envious rival, though given grudgingly, is sweeter and more highly appreciated than the most fulsome eulogy of the well-intentioned, perhaps enraptured, but less competent outsider. As a stimulus to further endeavour such expert praise is also of greater value, even when it is not spoken, but uttered as a weak imitation of the better man's products. Generally this praise and criticism cannot be obtained without association, and for the humbler workers in any industry general and frequent association is impossible without the concentration of production at a trade centre.

The group, whether of artists, manufacturers, savants, or what not, attracts to itself those individuals interested in its activity. The man who

would produce or perfect goes to those who are producing, and thus the vitality and strength of the various groups increase.

A trade centre is vital to production. For more than a century Birmingham was the trade centre of the firearms industry in Great Britain. It is decaying. There are no signs that the industry has been transferred to any other focus of commercial activity in the British Empire.

It is admitted that London was a centre of production before Birmingham. But London was an artificial centre: the coal and iron of the Birmingham district, and the number of smiths, the first gunmakers in the neighbourhood, proved that the industry could be followed more economically there than in London, to which coal, iron, and workmen necessary to the industry had to be conveyed.

Later, the Government attempted to transplant the industry from the provinces to the capital. The Lewisham factory was a costly failure, and the choice of Enfield for the small-arms factory a mistake. Birmingham found the skilled men for both factories, and their removal to London was a loss to the Birmingham industry without being any gain to the country. If the State factories had been established at Birmingham the Government would have had the advantage of being in the centre of the industry, and the Birmingham manufacturers and artisans would have improved their processes and products through being in closer touch with the State factories. These elementary considerations were ignored, presumably because their value was not known.

Isolation is equivalent to stagnation. It is nearly a century since the Government broached its Lewisham scheme for a State small-arms factory, and its long

decades of experience in arms manufacture have resulted in no advance ahead of improvements in the fire-arms industry. Less than a century ago pikes were forged as weapons for English troops; there are men still living who made flint-lock, "Brown Bess" muskets for the British army, and made them at a date when continental armies possessed breech-loading rifles. The Government has taken the expanding bullet, the Snider, the Whitworth, the Lancaster, the Westley Richards, the Henry, the Martini, the Lee, and inventions too many to enumerate, from the trade, and meantime what novelties or improvements have originated at Lewisham or Enfield? A few years ago the ·4 Martini was issued; and recalled, because in its design an elementary principle of rifle construction had been violated. After that Enfield went to the trade for a practical gunmaker as superintendent of the Government small-arms factory. Good. But soon afterwards it was left to the trade to discover that there was an error in sighting the new Government rifles! Now, a Government benefiting by the experience gained, and therefore wiser than all its predecessors, relinquishes the Birmingham factory and concentrates small-arms manufacture at Enfield, an act which excites the gun trade to ribald laughter, whilst it moves the taxpayer to sighs and tears.

Even in these days of improved means of communication the Government factory is much too far from the centre of production—for all the good it derives from contact therewith the factory might have been established in the Falkland Isles or at Port Hamilton. If it were located at Birmingham, it would still make mistakes, but the mistakes would be fewer, sooner detected, and more easily remedied. What is more, rifle manufacture there might advance. For the pro-

ducers herded together in a trade centre become aware, without any conscious effort, of the direction the next advance may take. There is an indication of coming developments; the novelty, the new weapon, is in the air long before the invention is materialised, patented, manufactured, and marketed. There is no reason why the Government, as a fire-arms manufacturer, should shut itself away from what is going on, from learning what is common knowledge to all others who have been initiated into the craft.

It is true that the Birmingham trade has been behind the Government factories all the time. The Government, luckily for the empire, has been able to fall back upon the Birmingham trade to make good its shortcomings in invention, in manufacturing methods, and for supplies of parts and of completed arms. But can it depend upon the continuance of this support? The industry is neither vigorous nor healthy. Families who have been in the trade for generations are relinquishing all connection with business which has not a future of good promise. The Birmingham School of Gunmaking cannot get enough pupils, because there are no prospects of a prosperous career in the industry for those who become efficient. On the other hand, the Liège school has many applications for every vacancy, and it has been repeatedly enlarged. It is not easy, it is indeed almost impossible, to make a first-class gunmaker in a single generation. The Government factories have been supported by men whose fathers and grandfathers were in the trade as they are; men who had seen guns, handled guns, made guns, thought gun and talked gun, as long as they can remember. Men like these cannot be made by technical schools and universities, nor by apprenticeship; and still less by being "set to work." Without men

like these the Government State small-arms factories can make rifles, of a sort, in a sort of way. They can do that, with or without the help of foreigners, in the small-arms factories of Cabul, Foochow, and Tokyo. They will not fifty years hence be able to make the weapons the best armies will require fifty years hence. This is a logical deduction from admitted facts, and if *somewhere* in the British Empire a fire-arms manufacturing centre of industry is not maintained, then certainly the empire will have to go again to the foreigner for its weapons of war, or, what is quite as disastrous, for improved weapons or the men to make them. For the fire-arms industry abroad is not stagnant, it is developing with amazing rapidity. The British industry, however, is decaying at its trade centre, not of senility, but partly in sympathy with other disappearing industries, and partly because it has been starved and crushed instead of being fostered on every occasion in every possible way.

One advantage of the trade centre is the facilities it affords for acquiring component parts. When ships were built of wood, the Americans, having the material, could build more economically than the English shipwrights; when vessels were built of iron, and steam superseded sail, England attained supremacy, having not only the material, but the workmen, from rivet-catchers to riggers. More, it had the needed products of all the collateral industries. England not only built the ships, but made the engines, boilers, anchors, cables, winches, wire and rope rigging, and had no occasion to go to the foreigner for anything, from a propeller-casting to a lock-escutcheon in a state-room door, which was wanted to make the ship complete from keelson to main-truck. It is because all these collateral industries have been maintained so far that

ships can be built and fitted out more cheaply in this country than in any other. When foreign shipbuilders, subsidised into producing a modern vessel, need to complete their work they must go abroad for many of their fittings. This demonstrates the value of a centre of manufacturing industries to more purpose than the example of a single industry such as the gun trade. But both the gunmaking and the shipbuilding industries have been dependent upon home supplies of the raw material; when both have to depend upon imported pig-iron, steel billets, bars, tubes, and plates, then it is only a short step from progress to decay. The temptation to import partly finished for real raw material is too great. England imports gun and rifle barrels now, and imports also forged shafts and plates for the ships built in her ports. The decay of the home iron industry is the beginning of the end for all manufacturing industries depending upon iron as the raw material for their products. When a "free trader" insists that dumped foreign billets and tubes are necessary to the prosperity of the Birmingham bedstead industry, he is merely sitting on his hand.

Economic production requires that the producers shall control the supplies of raw material. It is detrimental to their well-being that outsiders are permitted to gamble in iron, steel, copper, tin, timber, and the necessaries of their industry. It is bad enough when an increased genuine demand advances prices rapidly; it is ruinous to industry when corners are made by people who have no other interest in the supplies taken off the market than to make the men who can use the stuff pay for it much beyond its actual prime cost. Prices could be steadied by legislation prohibiting those who have not the goods from offering them

for sale, and those from buying who have no intention of taking delivery. The more prices are steadied, the greater are the chances of continuous employment, and the stronger manufacturing industries become. The present licence to interfere in any and every industry, by cornering its supplies of material, is an inducement to the manufacturer to become a dealer in material or goods, instead of an employer of labour converting the raw material into finished wares. The dealer adds nothing to the wealth of the country, his activity results merely in a transfer of gold, or credit, from A to B, but the manufacturer employs labour not to transfer wealth, but to create it, because labour doubles, trebles, or more greatly increases the value of raw material by converting it into wares.

The value of the plus quantity due to the massing of producers around a particular centre is greatest in those industries where labour is of more importance than material. It is of more account in gunmaking than in quarrying, and the greater the mass congregated at one centre, the greater is the industrial efficiency of that centre, other things being equal. Nowadays, to succeed we must mass our industries. The only shipbuilder on the Thames, or any other river, cannot compete on equal terms with any one of the many yards on the Clyde, the Tyne, or the Tees. Labour totalling more than nine-tenths of the prime cost of fire-arms production, the number of skilled workmen available becomes an indication of the limit of possible industrial efficiency of a nation, district, or centre. If the number is steadily increasing, that place should be, and probably is, in a better position to produce more economically. It does not follow that

the products will necessarily be sold more cheaply in all or any markets. If all fire-arms were made at Liège, or at Birmingham, or at Meriden, U.S.A., then not only would the cost be less, but the quality would be better.

Given a sufficient number of skilled workmen in any industry, a proper division of labour is necessary to obtain the greatest economical efficiency and the largest output. In this particular Birmingham has been always to the fore, and by correctly apportioning the work to be done amongst those best able to perform a given task has achieved remarkable results in each of its many productive industries. In Belgium, where labour is slightly cheaper, the divisions are somewhat finer, but for purposes of comparison the practice at both centres may be taken as identical. In the United States, where labour in this industry is not more efficient, though more costly, production is cheapened by substituting machine fabrication for hand labour. Both in Belgium and Birmingham machinery has been more extensively employed than formerly, but not to the same extent as in the United States, for neither in Birmingham nor in Liège is it the practice to do by machinery what can be done better by hand. In England and Belgium a machine has to pay for its room, just as a workman has, and if the workman beats the machine both in the quantity and quality of the product the machine is sold; if the machine proves itself superior to the handicraftsman it replaces the workman. In the United States, owing to the dearness of labour, the expensive machine expensively run is yet cheaper than the still more costly and skilled workman. The result is that the least costly fire-arms are produced for much less in Liège and Birmingham than in the United States.

The industrial momentum or mass value of the Birmingham centre is diminishing. The trade census of 1860 showed that there were 6840 workmen in the fire-arms industry of Birmingham; the Government census of 1901 gives 4091 males, 134 females, a total of 4225 only. Of these not two-thirds are constantly employed in the gun trade, and of those employed, the genuine gun-workers, not a third have been engaged on full time regularly for some years. Economic production requires that a full staff be fully employed. Gunmaking now comprises twenty distinct employments; some processes take longer than others, therefore more men, say, finishers, are required than, say, stockers; of both there must be enough, and a sufficiency of work to keep all divisions busy from year's end to year's end. In machine factories this is quite as important: the ninety-five parts of an interchangeable rifle require about 835 operations, a large number of machines, and considerable special manipulation in the assembling and finishing of component parts. The whole of the machinery must be kept going, or the works must be closed and the staff dispersed—perhaps never again to be got together if wanted at a subsequent period. "Short-time" spells disaster in a machine factory, and even a firm like that manufacturing the Smith & Wesson revolver in the United States, finds it cheaper to close the works for months than to run it two or three days in each week. Short-time is also costly in a manufactory where hand labour predominates, for the difference is appreciable in even such an item as rates.

A modern gun-factory must be large enough to accommodate a staff of each of twenty trades in their proper proportion, and may be assessed at £500, the rates on which now amount to about £160 per

annum, which fixed sum must be added to an output of perhaps £10,000 on half-time, or £35,000 when extra or overtime is made. With rates as at present the Birmingham factories will not become larger; an endeavour will be made in all cases to work overtime, or, where it is possible, to employ two or three shifts each day, and so increase the output whilst maintaining the present assessment. Sixpence, or even threepence, in the pound saved on the cost of production may determine whether or not an order can be executed at a profit.

A diminishing output is a great temptation to workmen to work slowly, or "call canny"—a ruse which, if successful, means loss to the employer and hampers him when deciding upon a fresh contract. How general this practice has become manufacturers know, and it pervades all British industries.

Labour is becoming more costly and producing less. In 1892 28 per cent. more persons were engaged in the coal-mining industry than were employed in 1886, but the quantity of coal raised was but 16 per cent. more; the last two years of this term show even worse results, for 2½ per cent. more persons were engaged, and the output was 2 per cent. *less!* (*To-morrow*, Vol. III, p. 202.)

But for this fault the Birmingham gun-worker compares favourably with those of other countries. He is usually sober, frugal, very independent in character, and heart and soul in his trade. A Birmingham gun-worker who lived through the "splendid times" of the Crimean and American wars was found to be possessed of over £800 savings, which he invested in house property, the favourite form of investment with the gun-workers. A master manufacturer who died in 1893 was found to have invested £20,000 of his accumulated profits chiefly in shares of the Birmingham

Small Arms Co., the National Arms and Ammunition Co., and the Maxim-Nordenfeldt Co.

Compared with the English gun-worker the Liège artisan is somewhat less efficient and considerably more painstaking; more assiduously industrious. He gets lower wages, but he lives more cheaply, though not less comfortably. He has one curious trait—his efficiency is much less outside the Liège district than within it. He does not stand transportation; he cannot do the work abroad he does at home. If a large number emigrated simultaneously to a given foreign centre of their industry the result might be different, but so far as trials have been made of individuals and small groups the results have been disappointing to employers and employed. The great advantage Liège has over Birmingham is the cheapness and diversity of the minor luxuries it places at the command of the small-wage earner. Nowhere are the gunmakers hard drinkers as a class, but where the Birmingham man pays twopence a glass for beer, the Liège man pays one halfpenny, and for that sum he can purchase a glass of spirit, a fragrant cigar, and for a penny he can see a performance at the local theatre. The Birmingham man finds all the little luxuries of life prohibitive by reason of their costliness; if he does visit a still surviving "penny gaff" he finds the dramatic fare there provided too wearying for a person of his intelligence. The Liège worker has the further advantage of cheaper trams, cheaper railway excursions, more cafés, a far greater number of free and cheap entertainments, and, altogether, a more interesting life than he would find in Birmingham.

This is the English, not the Belgian view. To Mr. Karl Bucher, "Belgium is industrially comparable with contemporary England, but socially to the Eng-

land of half a century ago." In an article on "The Future of Belgium," by M. E. Vandervelde, leader of the Social Democratic party in the Belgian Parliament, it is asserted that in 1901 7,000,000 of Belgians had a commerce (exports and imports) of £160,000,000, against £820,000,000 for the 42,000,000 inhabitants of Great Britain. In other words, this means that the Belgian workman is on the average producing about one-seventh more than the British artisan. Belgium is presented as a land of low wages and long hours, the paradise of capitalists and hell of the working classes. Of the workers it is said 170,000, or 28 per cent., receive less than two francs a day, and 125,000, or more than one-fifth, work eleven hours a day, and more than 11,000 work thirteen, fourteen, or fifteen hours a day.

In order to maintain and improve their position on the markets of the world, Belgium capitalists outrageously exploit the human capital of the proletariat; many of them seek by every conceivable means to evade the easy-going superintendence of our few Government Inspectors. Sir Charles Dilke had *good reason for declaring* that if Belgium continued to refuse to apply her own industrial legislation, other industrial nations would be entitled to *resort to economic reprisals* in the shape of compensatory tariffs. (*National Review*, June, 1906.)

Both the division of labour and the use of machinery are factors in economic production, but the highest industrial efficiency is obtained by the utilisation of both at their economical value. Nothing is to be saved or gained by pushing either or both to the furthest possible limit. Money, time, and energy are lost as soon as one interferes with the function of the other, for to obtain that smoothness of running which admits of great speed the maintenance of a perfect equilibrium

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is the first essential. This balancing of hand and machine labour to effect a perfect combination may require frequent readjustment as the work to be done differs or the workers fluctuate. The correct proportion of mechanics to machines in the same trade will vary in different countries and at different times, just as the number of skilled workmen, the scale of current wages, the cost of living, and other factors vary. The rating of machinery, for example, might require a complete readjustment of methods of manufacture to obtain the highest industrial efficiency under the altered conditions such a change would create. It is possible that in the Birmingham industry there is not that exact poise which allows of the highest results, but there is a close approximation thereto, and if more, better, or different machinery be needed to produce economically it is obtained. In a word, the Birmingham factories are equipped in the best fashion for the most economical production as prevailing conditions permit. Whatever additional or improved machinery English manufacturers may acquire in order to lessen the cost of production, can also be acquired and used to as great, or greater, advantage in foreign centres, and their effect is thus quickly neutralised.

As labour enters so largely into fire-arms construction, it may be assumed that labour troubles are an important factor in causing the decay of the industry. As a matter of fact, there have been very few strikes or labour disputes in the Birmingham industry. This is due in part to the level-headedness of employers and employed, and in part to the fact that owing to the decrease in the volume of the output the supply of skilled labour has been generally in excess of the demand. A sharp revival of trade would certainly produce a labour dispute amongst those engaged in the manufacture of

the cheaper quality guns, but with a continuous falling demand for labour the trade unions are powerless, and this must be so when master manufacturers do not care whether they continue to run their works or close down their factories at once, perhaps for ever. Some makers—to their credit be it written—during recent years have made special efforts to keep their factories going, and this chiefly, if not sometimes entirely, for the benefit of their workpeople. The workpeople know the conditions, and loyally stand by their employers during the periods of slackest trade, and even have continued to work when their employers have been unable to find any money for wages week after week. Altogether the relations existing between employers and employed in the fire-arms industry are excellent, and merit the emulation of those engaged in other trades. To a large extent the same good relations obtain in the Liège industry; masters and men know they are dependent on each other.

In certain well-known factories the older hands are practically part and parcel of the goodwill of the concern. At the Chicago World's Fair one of the Birmingham firms exhibiting showed photographs of workpeople, some twenty-eight of whom had been employed by the firm for more than twenty-five years; in none of the groups were there any who had been employed for shorter terms than eleven years.

All labour legislation of recent years has been directed toward increasing the power of the worker and relieving him of his liabilities. That the workers in the fire-arms industry have not generally taken advantage of this legislation is either that they have no need to strike for better conditions, or that they have no chance of succeeding if they do strike, for neither the State nor the trade unions can give them employment.

Time was when Birmingham gun-workers were employed only fitfully. The master or his traveller went out seeking orders, and when he returned, or an order came into the town, the workpeople were summoned, the work was begun and continued until the order was executed; the workers were then discharged until wanted again to execute another order, just as seamen are engaged for a particular voyage and are paid off when it is finished. In some trades in Birmingham, and throughout the Midland district, this old rule still obtains more or less. But those firms did best which had the most constant employment to offer, and from the middle of last century it has been the rule to keep a full staff continuously employed. To these workpeople the masters have imparted their knowledge, and the men have acquired their wondrous skill by constant practice. The result is that the Birmingham gunworker is the most highly efficient producer of any in the industry at home or abroad. Not necessarily is he always the greatest artist, but he is without a peer for the amount of work he will perform with unerring precision in a given time, and this, together with the business-like use of machinery, has made the Birmingham gun-factory unequalled the world over for industrial efficiency. Unfortunately this is not tantamount to ability either to produce more cheaply than is done elsewhere, or to place the products of the industry in the world's markets. It means only that the manufacturer, by his enterprise, knowledge, foresight, energy, and ability, has done his part and proved his superiority by producing in the best possible way the best goods procurable anywhere.

The superiority of English manufactures generally has never been seriously questioned, and the superiority of the English manufacturer is still admitted by those

competent to judge. His supremacy was so marked that it was deemed expedient to handicap him. This his foreign competitors have done by taxing his wares on their importation, whilst his output has been further hampered by the increased taxation of producers in this country. The result is that the English manufacturer is now too heavily burdened to make the pace which has enabled him to lead in the race; some of his foreign competitors have already outstripped him, others are close upon his heels and are still gaining ground.

But before passing to the consideration of the general and specific burdens the English manufacturer has to carry, and the obstacles which have been raised to arrest his progress, another distinct phase of economic production must be mentioned. The methods of distribution, the expenses of getting the goods to market and there selling them, more particularly concern the producer than the consumer, and may be counted as a part of the actual cost of production. It costs as much to market some goods as it does to produce them.

Manufactured products are divisible into two classes determinable by quality. The first, the A class, consists of the special product of those manufacturers whose object has been to produce, regardless of expenditure upon labour, the very best of its kind, whatever the article may be called. The other, the Z class, consists of goods which are what the name signifies, just plainly leather, iron, tables, boots, guns, rifles, pistols, knives, and such things. Between the two classes there is not only the difference in quality, but the people who produce them, who sell them, and who use them are different. The two classes of producers have as little in common as have the goods produced; their methods of manufacture and of business are distinct. The user, by experience, soon finds out the

difference in the goods, but the user as an unsophisticated buyer often cannot distinguish the A class from the Z; the expert would never make this mistake, and may also know the differences between the first-class products of manufacturers A, B, and C, though he will not be able to distinguish between those in the other class produced by Z, Y, X, etc.

A manufacturer of the A class believes that if he makes the *best* leather, gun, or whatever the article may be, he will become sought after by users and buyers, and so find buyers of his products. In other words, that he will always have a safe market for his goods. In this he is mistaken, though it is a pity his belief is unwarranted. However, there are still people in London who charge, therefore presumably people who pay, twenty-five shillings for having a pair of shoes soled and heeled. We do not know why.

There are buyers for A class goods, but the buyers are becoming fewer, and those manufacturers who belong to class A and are always trying to produce something better than their English and foreign competitors —something better even than anything they themselves have yet produced—are diminishing in number, and their products are decreasing in quantity to a greater extent than they improve in quality. The names of Mr. A, Mr. B, and others of the class A manufacturers are known to the users, to private and wholesale buyers, and even to many of the general public. Their reputation is the cause of orders being brought to them for execution. Their methods of business are special, and they are to a great extent, but only partly, independent of the conditions governing the marketing of the products of the much more numerous and not less able, enterprising, and pushful

manufacturers belonging to the other class. When the class A manufacturer finds it necessary to go to buyers because the number coming to him is insufficient, he does so usually by establishing branches or agencies, which are merely an extension of himself, for his agents are closely identified with his interests, and the methods of dealing are the manufacturer's methods. This is merely a development of the old English custom of direct trading, the producer vending to the consumer. It is perhaps the best method, for it is the method American manufacturers have followed, but from them we have also that more recent innovation, the wondrous system of modern advertisement, so immense in volume, so appalling in its intensity.

The trade of the class A manufacturer is carried on almost independently of the middleman. An exception results from the development of the now common practice of the manufacturers to execute orders from dealers only. The direct appeal is to the wholesale merchants and retailers, they being sufficiently numerous to take all the manufacturers are capable of producing or care to supply. At present the manufacturer who has so restricted the number of direct buyers is able to protect his interests because the number of firms engaged in dealing is sufficiently great, and they compete with each other; but there is no guarantee that the conditions are permanent, because as these dealers become more powerful they are the more likely to deal in the products of the Z class manufacturers than in those of the smaller A class.

The manufacturers of each of the two classes compete to some extent against each other, and to a larger extent against all manufacturers of the other class. Competition is keenest amongst those of Z class; for the public knows not their individual products; the

middleman is their master; they have become his slaves.

It would be difficult to overestimate the advantages which have been secured to British industry by the enterprise of English merchants, but to a certain extent they also are to blame for the premature decay of English manufacturing industries.

The practice used to be to ship English wares to foreign parts and there trade them away for produce. The merchants were traders, bankers, and exchange agents. They took the larger risk in the venture, and it was only meet that they should have the greater portion of the profits. When the merchants had established relations with foreign buyers, they saw that greater profits would accrue to themselves if they decided what make of goods should be sent out, instead of allowing the choice to be made by the foreign importers. When the foreign correspondent ordered the merchant to procure for him one of Mr. A's guns with two barrels for £2, they had to go to Mr. A, who supplied the weapons at his price, say £2; when the maker was not specified they asked not only Mr. A, but Mr. Z, the price of a gun with two barrels, and procured what would answer the customer's description, for say less than half Mr. A's price, charging for it £2; possibly less, possibly more. To get prices reduced they would tell Z what A quoted, Y what Z quoted, and to X they confided the lowest price, an imaginary quotation fixed by themselves, at which price X might undertake its execution. The merchants sought out and took the cheapest. It was business.

The State is neither richer nor poorer directly because the profit which might have gone into the pocket of the English manufacturer goes instead into that of the English merchant. But later when free trade was

established, when the English merchants went to foreign manufacturers as well as British, and to save as little as one-sixteenth of one per cent. placed large orders abroad, then the workers in different industries affected by this diversion of trade custom soon felt the pinch. Prices were cut in this country in order to keep the manufacturing here; foreign merchants cut against British merchants in order to get trade. Neither the British merchant nor the British manufacturer benefited, and there came distress amongst the English workers in not one, but many manufacturing industries. Then the fierce industrial competition began in real earnest, and the struggle for commercial supremacy has been waged long and bitterly without adding one iota to industrial efficiency. The only manufacturers who have progressed, who have improved their methods and raised the standards by enhancing the quality of their output, belong to the A class, men who are beyond the turmoil of squalid industrial strife.

Later developments proved that the foreign merchant was as ready and able to work for a smaller profit than the English merchant, as the foreign manufacturer was able and willing to work for less than the English manufacturer. The English merchant thereupon, to save himself perhaps, instead of being content to import foreign produce in exchange for English wares, began to import as well as export foreign manufactures, and in some cases ceased to export at all. He offered foreign-made goods to British manufacturers for less money than they could be made in England. In some cases the British manufacturer then turned dealer, using his name and utilising his connection in order to sell these foreign goods, either as his own or as foreign manufacture.

Then began the present era, when the seller takes the lion's share of the jobber's, the merchant's, and the manufacturer's profits as well as all his own. In the commercial world the huckster has risen to the zenith of power. He or it, may have one shop or five hundred, may sell twenty sorts of things or a thousand, the methods are the same, the methods of the huckster —the middleman blocking out from the view and knowledge of the consumer the producer and the source of the produce. He it is who decides what shall be the difference between wholesale and retail prices, and what goods and produce shall be offered to the English public. The man who risks his life upon the seas, and endures the miseries of long nights of toil on the Dogger Bank, now actually gets less per pound for the fish he catches than the dealer gets who conveys the fish from Billingsgate Market to the doors of the West End consumers. The man who spends his years thousands of feet beneath the earth's surface, straining in crouched attitudes amidst cruellest dangers in eternal darkness, for all his striving and sweating gets less per ton for the coal he wins than is divided amongst middlemen basking in the sunlight between the daring, grimy toiler and the rack-rented, necessitous consumer. And as they, so all; in lesser or greater degree squeezing here the farmer, there the tailor, now and always anybody and everybody who is using his energy in adding to the riches of the country honestly by creating wealth, in no matter how humble and feeble way.

Possibly British manufacturers have concentrated their attention too exclusively upon the economics of production, ignoring the problem of distribution and giving too little heed to the art of selling. Maybe they should have spared more energy for cultivating the

shopman's art, and learned the lesson of assiduity from the American book agents and the German consuls. None doubt their ability to manufacture; many question their methods of marketing. No consul tells them to make goods of better quality; some consuls hint that British manufacturers should make things which look like steam-engines, anvils, guns, or needles, though not necessarily what they seem; many are the requests that they shall put their wares in pretty boxes instead of good brown paper, and affix their names to the things they make, in every language capable of being reduced to print. Needles which break at the eye, or even needles without eyes, appear to some people to be what will sell well if only they are nicely packed. But everybody knows the British manufacturer's attitude: he is master of his craft; he knows what a gun, a machine, a boot or other article should be, and he produces it. What he produces is what he represents it to be always, and it is the best he can produce. If buyers want pretty boxes—well, it appears to him to be quaint that they should expect a maker of padlocks to give decorative cardboard cases away. Many people have sufficient intelligence to agree with the British manufacturer. That, however, is not exactly the point. What is really meant is: that the dealer in the Z class goods by his representations—whether the representations be by the convincing phrases of the glib salesman, the insistence of logical advertisement, or the artistic envelopment in cardboard—wishes it to be implied that the Z class goods are of A class quality. The British manufacturer remaining dumb, his acquiescence is inferred.

It is a mistake to suppose that protection ends with the imposition of a duty on imported goods. It is there it usually begins; but it extends to the utmost

limits of the earth and pervades all classes. The much-abused American "drummer" as an ambassador of commerce has achieved immense success. He merits what he has won. But behind the "drummer" is the protective system, behind the American citizen attempting to trade in foreign countries the State Department looms majestic, alert, irresistible. Under its protecting shadow American foreign trade takes vigorous root and flourishes triumphantly.

And as one protected country so all. The German consuls are indefatigable as manufacturers' agents. Is it not known that German ambassadors and ministers have wrangled and haggled and threatened and cajoled Eastern potentates in order that the munitions of war shall be supplied by the Kaiser's subjects? The statesmen of Austria-Hungary are not less insistent: "Buy your guns from our factories or our people shall not buy their stock from your farms" is their policy, and that is why Steyer is busy, whilst Birmingham remains idle. Then with what irresistible charm, unimpeachable suavity, and unequalled politeness the French diplomat possesses himself of the arms order for the Tsar's army and passes it on to Chatellerault!

The protection and encouragement of their industries is *the* policy of these countries: the people believe in the policy, the statesmen are imbued with it, and by it their diplomatic agents are impelled to act. Such protection *is* a factor in economic production, for it lessens the cost of distribution, and it raises the protected industry to a sphere which the active competition of free-trading countries has not yet reached. Let the English manufacturer forget for a moment the thousand daily worries produced by annoying legislation, and compare the attitude of his own Government with that of the Governments of his most powerful

competitors. He will see the British Foreign Office stolid and inert when confronted with the increased imposts Russia, Spain, and Japan are about to levy on English manufactures, but in a pother of trepidation about the removal of some old boundary stones in the desert peninsula of Sinai! For the British statesman looks at things through a microscope out of focus instead of a spy-glass—and he legislates accordingly.

There is a belief current amongst a certain class that free imports in some way protect the consumer from artificially enhanced prices. This supposed fact is an undying fiction. In so far as the consumer is protected at all from high prices in this country of free imports, the result is due to the desire of producers to have more users and buyers of their wares. It is done and the price is kept down in order that an increased output will give the manufacturers more work, and the small profit made on each of a large number of articles will aggregate a bigger sum than a greater profit upon a smaller number. It is the producer or manufacturer, not the retailer or middleman, who advertises the prices of articles and says if you cannot procure them at that price he will supply you. It is the seller, the middleman, who tries to sell some other make or brand, on which he makes a larger profit, because he deems that on the make ordered insufficient, and the price being advertised he cannot charge the consumer a higher one.

It may be taken as an axiom that in a country with free imports the price of home manufactures and raw material is fixed, not by the cost of production, but by the price consumers are prepared to pay, or by the price at which outside competitors are prepared to deliver in the producers' own market. This rule applies also to such commodities as coal. In certain mining

districts the local demand is filled at a higher price than that charged for the same coal sent some distance away. On one coal contract the Birmingham Corporation saved £12,500 by obtaining the supply from beyond the adjacent coal-fields.

This principle may be illustrated further by investigating the prices of coal; and to show to what heights artificial restrictions will advance prices, it will be best to select a period when the market was "rigged," say that of the coal strike in 1893, when the prices were kept up by artificial means.

In August, 1891, the average wholesale price on the London Coal Exchange was 19s. 6d. a ton, but that month 2,863,766 tons were exported at the average price of 11s. 10¾d., although the freight from Newcastle to London was but 3s. 4d. In August, 1892, the price was 18s. London, and 3,115,490 tons were exported at 10s. 10¾d. In August, 1893, when the London price was 30s. a ton, 2,368,968 tons were exported at the average price of 9s. 6¼d. In September, 1893, the London wholesale price was over 40s., yet 2,278,061 tons were exported at 10s. 2¼d. In September, 1892, Newcastle shipped 373,710 tons to home ports, and 434,265 tons to foreign ports; in 1893, when a coal famine threatened and fuel was retailing at 60s. a ton, Newcastle shipped only 91,231 tons to home ports, but 424,358 tons to foreign ports. So Cardiff, whence 25,000 tons *less* were sent to home ports when coal was retailing at 60s. than when its price was 17s. 6d., but 5000 tons *more* were shipped to foreign ports at an average price of 10s. 7d. The explanation of this is that with a limited market at home for coal at 30s. a ton, and a limited market abroad for the same coal at 9s. 6d., it was deemed better to sell 5 tons for 68s., than by supplying the home market reduce prices to the normal level, when 5 tons would realise only 52s. The force of these figures is intensified by the fact that of the coal—185 millions of tons—raised annually in the United Kingdom, only about one-sixth is exported, and more than one-half is used in the industries. To secure a market for the sixth sent abroad, a method is adopted similar to the commercial procedure under pro-

tection. With one difference: the United States tariff protects manufactures; by the free-trade principle the coal user in Great Britain pays a bounty on coal exports in order that his foreign competitor may have cheap fuel. (*To-morrow*, Vol. IV, p. 200.)

Note that more than one-half of the coal raised in the United Kingdom was at this date used in the industries; the proportion now is less. In fact cheap fuel is vital to cheap production in these days of steam, gas, and electric power. It is of no advantage to be near a coal-field, or to have a factory in England, if fuel is to be advanced to famine prices by artificial means as it was in 1893, when so much of the English industrial trade was lost (see Chart X, year 1894). The export duty of a shilling a ton on coal, small though it was, brought down the price of coal for the English consumers, which reduction was a factor in the slight industrial revival of 1904–5. Because of this the duty should have been continued. That miners' wages fell merely proves how false is the principle of the sliding scale, whether applied to mining wages or to Crown royalties on minerals. Coal is as hard to win whether it sells at five or at ten shillings the ton, and the labourer is worthy his hire whatever the yield of the harvest. No right-minded Englishman begrudges either the miner or the fisherman the scanty pittance with which he is rewarded for arduous and risky work, but many there are who, rightly or wrongly, object to the excessive profits of the middlemen and dealers, and would rather the coal winners had a shilling or two a ton more, than that the coal jobbers should rig the market up or down just to suit their own pockets, at the expense of both the producers and the consumers.

That also must be a bad principle in an industrial country which makes it to the advantage of the pro-

ducers of raw material that the prices to the consumer should increase. If it is to the advantage of all, except the farmer, that wheat shall be cheap; it is equally advantageous to all engaged in the manufacturing industries and the general public that coal shall be cheap.

There are people who disregard the artificial restrictions which impede the action of the law of supply and demand, and still believe that ultimately goods will be manufactured where they can be produced at the lowest cost in gold. Candidly, we see no prospect of this belief being realised. Everywhere there are factories of low industrial efficiency employed to the full, whilst factories of the highest industrial efficiency remain idle. A baker may make bread cheaper and better than can be made at home, but if every one determines to have home-made bread, and nothing else, the baker must shut up shop. Rather than do so, he may determine first to tempt people by offering to sell at cost, or even under cost price, but it does not follow that this will overcome their objection to bakery bread, or lessen their preference for the home-made loaf.

Certain countries intent upon encouraging their own industries have protected them not only against foreign manufacturers generally, but against English manufacturers in particular, and it has been stated that one tariff was directed solely against an individual English firm. In these circumstances, in the writers' own experience, we have seen English manufacturers and English workmen and workwomen straining every effort to hold the trade they had won by their superior products. We have seen them doing two days' work for one day's wages; seen them grimly, doggedly, despairingly struggling unaided against a policy intended to ruin them, and we have seen them worsted

in this struggle—not once, but repeatedly. By no means which man could devise was it possible to cheapen production beyond a certain point, and allow workers a living wage. If it be said that the importer pays the duty, we know full well that in Birmingham during the eighties and nineties there were men and women doing their utmost to pay the extra duties recently levied on the products of their industry by foreign states determined upon protecting and encouraging the industries of their own nationals.

The protected industries won.

There is a limit to human endurance and a limit to human endeavour. The producer cannot be pushed beyond the economic point without something being sacrificed. The highest industrial efficiency is obtained from the workman who is well nourished, and is allowed leisure in which to recuperate the energies he expends at his work. When he is overworked and underfed, either or both, the extra work may be got out of him for less gold, but the worker is ruined; instead of an able, industrious, intelligent citizen, toil and hardships quickly change him into a listless, moral and physical pauper. Such as he are not found in protected industries; very few are found amongst the employees in the service of the A class manufacturers of England.

The stunted, the precocious, the scrofulous, the weak of both sexes are employed by the Z class manufacturers, chiefly in those industries where competition is free and most keen; in factories where, in order to be able to sell at all, the engine must make a few more revolutions a minute than is usual elsewhere; where the shuttles fly more noisily and quickly; where the clock loses during the working hours and gains at meal times; where there is greater crowding of machines

and workers, to lower the assessment and thus lessen the burden of the local rates; where there is little ventilation, no rest, no peace, no health. There it is competition is open, and the struggle for life begins and ends.

Make more cheaply; sell more cheaply; work harder; work longer; play less; eat less; drink less; smoke not at all; do not gamble; pass the seventh standard; learn technics at night when the day's labour is done—thus advise the economists. To what purpose? That for less gold there may be more nails, and needles, and knives to exchange for the same amount of bread, and beef, and baubles? Or that the workers will be stronger and more able men; better craftsmen and better citizens? Or, simply, that their wares may compete successfully with those produced under less arduous conditions?

The British manufacturer is the last to complain of competition, even unfair competition, but this fierce competition of the protected with the unprotected does not result in economic production, and the manufacturer knows it does not. He knows that his workers are outclassed by the protected workers in other countries. The free trader may be able to show a greater output for less gold expended. In the protected countries the state sacrifices the gold, and gets in place men and women of greater physical strength and higher intelligence, and the state which does that is the wealthier—at least, the present writers count it so.

Why will not statesmen admit that it is as great a crime to ruin health and mind by incessant physical drudgery as it is to effect the same result by excessive drinking? Is it not as reprehensible to stupefy oneself by overexertion as with drugs? Surely there is nothing noble

in the sacrifice of a human soul to the insatiate gold greed of a rapacious middleman, and nothing statesmanlike in the legislation which permits it!

In short, production in English manufacturing industries has been forced much beyond the true economic limit, and although by unceasing strenuous effort a large output of goods is maintained, it is being maintained in some industries by sacrificing the manhood of the race.

The manufacturers and workers of the Z class cannot change to the A class under existing conditions. They must produce as long as they can the nameless, brandless articles of commerce in competition with those manufacturing the like under more favourable conditions. The only palliative within their power is to apply immediately that new policy of the protected groups in foreign countries by which combination is substituted for competition between members of the same industry. The coming competition will not be between rival makers of the same articles, but between different industries. The buyer will not be tempted to decide between typewriting machines, since all makers will be in the same combine, but will have to decide whether his new purchase shall be a typewriting machine or a cash register; whether he shall take to a gun or a boat; buy a set of golf clubs or a photographic outfit; the most recent novel or the newest card game. Thus is competition to be slackened by being modified. This is the latest retort of the protected industry to the economist.

Even in this way the English manufacturer may not succeed. If conditions have not altered, the free trader will then insist that he must change his vocation. The physiologist says this cannot be done; the economists maintain that it must be done. Since

people do not want what the manufacturer produces, he must produce what people do want. The industries England cannot hold economically she must relinquish, and exploit those she can follow profitably. According to this view, instead of being engaged in forging weapons to guard the hearths and homes of his fellow-countrymen, the English patriot would be better employed low down under the earth hewing coal for the use of the German navy.

That is not our view.

CHAPTER V

HOME LEGISLATION AFFECTING PRODUCTION: GENERAL

IT may be accepted as an axiom that the general effect of all home legislation is to increase the cost of production in the manufacturing industries; also that the continued prosperity of British industry depends upon the ability of English manufacturers to produce wares for a less expenditure of gold than their foreign competitors. A low prime cost is vital to success in manufacturing for neutral markets. In the fire-arms industry skilled labour is the principal item in production; the policy which would be favourable to this industry, and most others, is that which will ensure cheaper living than is obtainable in foreign manufacturing countries.

Numerous statistics have been collected showing, first, that the bare necessaries of life are cheaper in England than they were a generation or more ago; second, the prices of these necessaries in various foreign countries; and third, the cost of living in foreign countries.

From these it appears that the practices differ in various protected countries; but the results are identical in so far that the United States with its dear living and high wages, and the German Empire with its cheap living and low wages, can compete successfully with Great Britain as a manufacturing centre. The only reasonable cause for this appears to be that the pro-

tected home market is of greater value as an incentive to manufacturing enterprise than British legislatures have believed.

The conditions in the United States are so different from those in Germany, and both differ in so many particulars from those of this country, that for the purpose of ready comparison Belgium affords a better instance because the countries are closer together, the conditions are nearer alike, and in one the fire-arms industry has succeeded whilst in the other it has failed.

The comparison is between the gun-workers in Birmingham and Liège. In the first place, wages average 20 per cent. more and piece-work rates are now 30 to 40 per cent. higher in Birmingham than in Liège. But the British artisan is a quicker worker than the Belgian; thus if the amount of work done by hand for £1 be the criterion, the disparity will not be so great. Put in another way, the Birmingham worker will earn 40s. in fifty hours and the Liège man 35s. in sixty—both will earn the sum every week in the year if they can get the work to do.

If a machine is substituted for the skilled artisan, then the machine will turn out the same quantity of work in Liège as in Birmingham, but the machine may be tended in England by a trade unionist at 35s. a week of fifty-four hours, in Liège by a girl child for 2s. 8d. a week of sixty hours. These are the extremes; a fair average for partly skilled (learners, improvers, etc.) machine tenders is 15s. in Birmingham and 8s. in Liège. The fact remains that of unskilled labour—utilised in feeding automatic machines—there is a much cheaper supply available at Liège than in Birmingham.

Put broadly, the competition between Birmingham and Liège in the fire-arms industry is chiefly in the superior quality guns where skilled labour is required.

Coarse work, the production of raw material and the rough work, is done much more cheaply at Liège than at Birmingham. At the present time iron is so much cheaper there that any one wishing to purchase a large quantity of the cheapest gun-barrel would be quoted in Liège about the same prices as he would be quoted in England for the iron bars out of which barrels are made.

In the cheapest guns therefore the Birmingham gun-maker has to trade, he cannot make them. The Belgian manufacturer will deliver them finished for almost the same price as the Birmingham manufacturer will have to pay for English material out of which to make them.

The burden of income-tax has tended to diminish the volume of British manufactures, and as manufacturers are importing what they could make, there is a loss of revenue to the state as well as lack of employment for workpeople. In the fire-arms industry the imports are about £450,000 in value each year, of which about £100,000 represents guns, rifles, revolvers, etc., and the remainder gun-parts and ammunition. If these goods were manufactured in Great Britain, not only would constant employment be found for 1000 extra hands, but the State might collect in addition at least £2500 as income-tax on profits now remitted abroad. This is only a trifling amount, but the manufacturer's profit on goods which are imported into this country aggregates a considerable sum. If we disregard raw material, and take only the foreign manufactures, the importations exceed in value £135,000,000 annually. The manufacturer's profit is rather over than under 10 per cent.; thus there is made annually in the trade in manufactured goods with the United Kingdom a profit of £13,500,000 on which income-tax is not levied, and the State loses thereon £675,000 in revenue. A Govern-

ment which can collect revenue from licences on dogs, stamp dues on pills and cough mixtures, and even a halfpenny on every label for coffee, can surely find means to collect £750,000 a year on foreign manufactured goods imported into the country.

In few of the industries with which we are acquainted are there British manufacturers who cannot import goods for as little money as they can make them. When these manufacturers consider that in the course of manufacturing they may be hampered by fresh legislation, labour strikes, and any one of a hundred other troubles that beset the English manufacturer, it is small wonder some feel tempted to determine the actual cost of the goods by the purchase price abroad plus freight, and fill their requirements by importing instead of manufacturing.

Take the case of a gunmaker in London or the provinces who takes an order for a special gun at £25. He may estimate that he can make it according to his methods for less than £20, but he can buy it from a Birmingham manufacturer for less, and from Liège cheaper still—not a gun of the same real quality, but one which he can sell for £25. He may order it from Liège, and take the risk of its entry being queried at the Customs on importation, or he may have the gun "finished in the soft," when it will pass, notwithstanding the Merchandise Marks Act, as it bears no name, and has the English proof mark stamped on barrels and action. To name the gun and colour the parts will cost him less than £1, and more than that sum the Liège manufacturer may allow from the quotation for a finished gun. He therefore gets a gun bearing his name and address for less than he could make it or get it made in England. Although the State may get the same amount of income-tax from the profit on the

transaction made by the English dealer, it loses the tax on the profit made by the Belgian manufacturer. Of course the Belgian manufacturer counts each pound profit made in trade with England as £1, whilst to the English manufacturer £1 profit is only 19s., a twentieth going to the State in income-tax. In these days of keen competition every little helps. A manufacturer who might undertake to make a thousand guns for £100 estimated profit might refuse an order for an estimated profit of only £95 for so much work and risk.

There is only one way in which the foreign manufacturer's profit on his trade with the United Kingdom can be collected, and that is by the imposition of a duty on the goods imported. There is no reason why this should be a heavy duty, or in any sense protective otherwise than as safeguarding the revenue. If we assume the manufacturer's profit is 10 per cent. of the invoiced or entered value, we are under rather than over the limit in respect to the foreign manufactured goods with which we are acquainted, and tax on that estimate should be collected.

If it is permissible for purposes of revenue to levy on spirits, etc., manufactured in the United Kingdom an excise duty equivalent to the customs duty on importation of similar manufactured produce, it is permissible to levy on manufactured goods imported into this country a duty equivalent to the income-tax on the manufacturer's profit which would have accrued to the State had the goods been produced here instead of abroad. This is not preference; it is merely removing a handicap allowance fatuously allowed to foreign competitors.

There is no reason why this import-tax should fluctuate in sympathy with the income-tax, for the British

manufacturer has to bear other burdens from which his foreign competitor is exempt. For instance, death and succession duties are similar to income-tax in their effect upon British manufacturing industries. Where the property passing is real estate, the payment of the duties may be made in annual instalments, but this relief is not accorded where the property is an investment in a producing industry. The head of a firm may direct that the business is to be acquired on terms by sons, nephews, relations, or partners as his successors. The death duties not infrequently have to be found out of the capital of the business. The surviving partners or successors have not only lost their leader but are short of cash, and the enterprise of the firm is scotched, if not extinguished. The new managers must, as they put it, "draw in their horns"; they do so, and the business passes to Liège or elsewhere abroad.

The death and succession dues rarely press to the same extent upon public companies, as the shares merely change hands; but England did not achieve industrial supremacy by adopting the principle of limited liability. England's position as first amongst manufacturing countries was won by individual manufacturers who put all their eggs in one basket and took exceptional care of the basket.

The old-time manufacturers may have had a narrow outlook, but their goal was not obscured, and as often as not they reached it, a few picking up additional trifles during their onward march. Their successors carry heavier burdens; they wear legislative chains the pioneers would have scorned. Their burdens and fetters prevent their surmounting the greater difficulties with which the path is now beset. They attempt, being unable to climb, to get round the obstacles, and

in doing so momentarily lose sight of their goal, try to reach it by a smoother if longer way, and some get lost. Others are so bewildered by their troubles that they attempt to make headway in several directions at one and the same time, and so make no definite progress as manufacturers, although they are always moving. Others, again, realise that they can be rid of most of their burden and part with their bonds and worries by ceasing to be manufacturers and so specialise as dealers and become simply traders.

The tendency of modern policy in legislation and commerce is to burden individual enterprise. The small manufacturer, the private owner of an industrial concern, is tempted, as his business burdens and liabilities are increased by successive Acts of Parliament, to limit his actual liability under the Joint Stock Companies Act, or to insure himself against losses due, say through accidents to his employees. In either event his cost of production is increased. Instead of concentrating his capital and energies upon his business and extending that by trading with every market, he averages. He draws his profits and reinvests them in South American waterworks, loans to Japan, or ways which do not advance his manufacturing business, and in consequence this business does not grow. In fact the diffusion of personal interest and the world-wide distribution of British capital are a primary result of unwise legislation, and a secondary cause of decay in British manufacturing industries.

Again, modern legislation has tended to diminish the number of manufacturers in the country; what business remains is being concentrated in the hands of a few large firms—into the hands of the strongest men, perhaps—and thus has made the formation of trusts and trade combines quite easy. That is a threatening

danger from the point of view of the public, but in those trades, as the fire-arms industry, in which there is no trust at present, there is another and greater danger looming for the worker. It is open now for a foreign combination to extinguish the remnant of the manufacturing interest in Great Britain. This was shown in the uprooting of the coal-tar dye industry, founded by the discoveries of Sir W. Perkin. Soon after the lapse of his patents the Greenford works were shut down, and for more than a quarter of a century have existed a ruined monument of Britain's departed industry, whilst in that period millions sterling have been sent to Germany for such dyes as used to be made in England only.

There is no doubt the Liège fire-arms manufacturers now could, if they would, combine not only to acquire the export trade in fire-arms which Great Britain still possesses, but work to extinguish the manufacture of fire-arms by private firms in England, and so control also the retail business in this country. At present they are probably content with the business they are taking out of the hands of British manufacturers year by year, but it is not comforting to know that probably only a half-dozen firms here have to be bought out by Liège manufacturers in order to enable them to control absolutely the supply of arms to the British Empire. They will attempt this as soon as they consider it worth their while to win; probably as soon as German capitalists obtain the controlling interest in the Liège industry, upon which they are now intent.

This may be considered to be a question which concerns the Birmingham gun trade only, and the public may, and possibly will, expect the remaining gun-makers to fight and vanquish a foreign trust in the public interest, as the Imperial Tobacco Co. did the

American combination. But the two cases are not on all fours. The British tobacco industry is favoured; practically it is a protected industry. The difference in the duty, 3s. per lb. on unmanufactured and 3s. 10d. on manufactured tobacco, leaves 10d. a lb., which is sufficient to make it more profitable to manufacture than to import. The duty on imported cigars is 5s. 6d. per lb., so in Great Britain it has been possible to build up a gigantic industry, employing over 27,500 hands, excluding nearly seventeen thousand dealers and their assistants. Make the excise duty the same as the import duty and cigars and cigarettes will no longer be made in this country; remove all duties from all tobaccos and the result will be the same, the tobacco industry will decay. Another thriving industry benefiting by duty is the manufacture of chocolate, for not only is raw cocoa taxed, but is unusable until mixed with other taxed ingredients to make the ordinary cocoas and chocolates of commerce.

In the unprotected manufacturing industries of Great Britain the present position is such that the capitalist of average business ability realises that further investment is undesirable; for now the prospects of future production are as gloomy as those of future trade, when compared with the prospects of similar industries in protected markets.

Since legislation is assumed to affect production, the periods under Liberal and Conservative Governments may be expected to reflect the working of the different policies of the two great parties, providing that there is really a difference in their policies. Turning to Chart X, it is seen that the smallest output at Birmingham was reached in 1894, when a Liberal Government was in power. Disregarding the earlier fluctuations, because they rise and fall just as do the returns of

Liège—which cannot have been influenced by the ascendancy of either English political party—a fall will be noticed about 1876 followed by a recovery, both occurring under the Conservative Government of 1874–80. The output increased for the first two years of the next Parliament—Liberal—but fell to a lower point by the date of the next change in political parties, improving again slowly whilst the Conservatives were in power and closing at a higher level than that to which it had sunk in 1885. Under the last Conservative Government, 1896–1905, the output was maintained at a slightly higher general level, but in 1904 sank to only 5686 Proofs above the record minimum of 1894. Although the worst "slumps" have occurred during Liberal administrations, it cannot be shown that these were due to the mere fact that the Government was Liberal; the cause must be sought for in some Act or specific policy of the Government of the day.

It would be possible to take the long list of factory and workshop Acts one by one and estimate its cost to this, or any other, particular industry, but the result is not worth the trouble such calculations would entail. One instance must suffice. The Employers' Liability Act is gauged by the insurance companies, who have fixed premiums for risks in different industries, as being about £1. 10s. per cent. of the wages paid in the light engineering division under which gunmaking is scheduled. A gun factory in which power has been employed over thirty years has during that term had but two accidents, and both were slight. An apprentice broke his arm through putting on a band with his hand instead of using the appliance provided, and a careless machinist cut his fingers whilst manipulating a milling-machine—the loss in wages of the two whilst

absent from work was covered by £5, but had the Act been in force since 1870, and had the employer insured out of his responsibility, he would have paid, reckoning the premium at 30s. per cent., no less sum than £4500. Possibly few gunmakers insure, as accidents in well-managed factories are rare, but the fact remains that this solitary piece of legislation either reduces the employee's wages about sixpence a week, or else adds 1½ per cent. to the employer's cost of production. Surely, it is far better to allow masters and men to settle risks between them. Often it must be better to allow the workman who undertakes risky work to be paid accordingly, than to relieve him of responsibility and deprive him of opportunities for making a little extra money.

Another variety of legislation of equal importance in its effect on production is that relating to municipalities. At first sight the Birmingham improvement, consolidation, and other municipal Acts appear to belong to specific rather than general legislation; but these measures affect not one but all industries of the district, and what the Birmingham corporation is doing is being done by other large municipalities throughout the United Kingdom; so that the effect is widespread and general, being in no sense confined to the industry under consideration.

Prior to 1880 Birmingham decided upon an improvement scheme which would give the town a new large thoroughfare and sweep away many insanitary dwellings. The fire-arms industry was located within the area to be affected by these alterations, but not directly in the line of the new thoroughfare, and so, although menaced, the "trade" was not actually dislocated until ten to twenty years later. The industry was carried on in leasehold properties clustered around St. Mary's

Square, and the leases of these properties lapsed chiefly between 1890 and 1905, when such of the land as was scheduled for the improvement scheme was acquired by the corporation, and the properties were demolished. Birmingham profited by acquiring freeholds before the value was increased by the erection of new properties and the creation of fresh ground-rents; also, where advisable, occupiers sold the fag-ends of old leases at low prices for the buildings to be demolished, in lieu of incurring the cost of making good the extensive dilapidations before the expiry of the ninety-nine years lease.

From the point of view of the town the policy was not only justifiable, but wise and profitable. As was pointed out at the time, the dislocation of the fire-arms industry would probably entail its disappearance, a prognostication on the point of being verified. Before 1880 only a few of the more enterprising gun-manufacturers had recently built factories in the trade centre. With the march of street improvements and the consequent demolition of the premises of the gunmakers, it became necessary not only to build fresh factories, but also to provide shopping for the large number of out-workers whose workshops were destroyed, and among such premises were several ranges of good modern buildings eminently suited to the needs of the trade. Some gunmakers went out of business altogether. Those who stayed built factories or acquired other premises, but did not work under the same conditions. They had now to accommodate the out-workers. The Birmingham plan had been for the independent worker to run his own workshop, and he could do this whether he used steam power or not, for there were many buildings in the gun-trade area where accommodation could be rented with or without "mill-

power." In this way the trade barrel-borers, the grinders, the polishers, and others requiring steam-driven machinery carried on their businesses independently of the gunmakers. The majority of gun-workers did not require mill-power; new factories had to be provided for both classes. This meant, first, an increased assessment, and secondly, the removal of the burden of local rates from the out-worker to the gunmaker.

In this way: the gunmaker gave out work, when he had it, to the out-workers in the trade, who themselves rented their workshops. When trade was slack the out-worker had still his rent to pay. When the gunmaker provided the workshops the out-workers came in, paying rent, as before, whilst employed, but going out into the trade or turning to some other employment when trade was slack. Then the gunmaker had his shopping more or less empty, but he still had to pay his rates and taxes, and rent. It is the same in principle as when the landlord compounds for the rates on small houses and tenements; he gets a reduction of from 10 to 15 per cent. on the assessment, but no allowance for voids, and a few weeks without tenants changes the expected profit into a veritable loss.

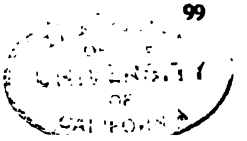
Under the new conditions, if a manufacturer, instead of rebuilding or erecting a factory and shopping, decided to continue, he became less of a manufacturer than a warehouseman, and, being able to import even more cheaply than others could manufacture, he was able to undersell, and so utilised his trade connection to the utmost. He had smaller premises and consequently a lower assessment; he had no workpeople to accommodate, and none of the worries of manufacturing. Workshop regulations and Employers' Liability Acts did not affect him; he just bought and sold.

Free trade is all in favour of the dealer. In Birmingham, whilst a manufacturer of moderate means has been hard pressed to make a living out of gun-manufacturing, a small dealer's warehouse in the same period has had two different proprietors, each of whom has retired with a fair fortune, and the third is making profits steadily year by year. Knowing this, it is small wonder that the average manufacturer in a modest way of business lets his gunmaking become to him of second importance to the more profitable business of gun-dealing, for which Birmingham offers great facilities.

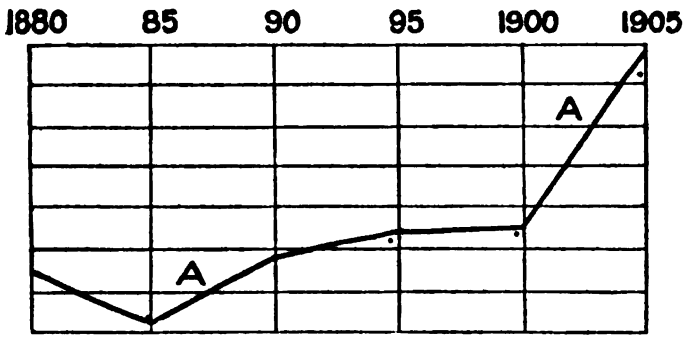
As dwellings were demolished the workers had to go farther away from their work to find homes, and to pay more for them. Rents rose, and the cheapest class of dwellings, those which let for 1s. or 1s. 6d. a week, no longer existed. The gun-workers now pay either 4s. a week for a "back house" in a courtyard, or, as is more usual, 5s. to 6s. 6d. a week for a terrace house in a suburb, to reach which they take a tram to the end of the first penny stage, and walk the remainder of the distance, probably more than a mile.

This change from workshop to factory was equal to trebling the assessment of the old warehouse factories; there was no diminution in wages to compensate for this extra cost put upon the gunmakers.

Birmingham, not content with being the workshop of the world, had municipal aspirations. It blossomed out as a city, and proud of being "the best-governed town in the world," was led away along the path of municipal profligacy. Birmingham developed its street-improvement scheme, enlarged its gasworks, brought water from Wales, took over the trams, borrowed heavily; in fine, increased both its expenditure and its boundaries, but cheapened nothing.



For the improvements and extensions as well as for a more highly developed administration the townsmen have had to pay. How much they have had to pay and how they have paid it few but the municipal officials know. The town has water and gas works, trams, an interception department which manufactures pavements; it rents land and it has tenants. Quite apart from the increase in its quinquennial assessments and the advances in the yield of a penny rate, by alterations in its charges it varies the rate unit so that it is difficult to show precisely what the exact increased



THE COURSE OF BIRMINGHAM RATES

cost is to any individual ratepayer. For instance, taking the last twenty-five years only, the rate is a penny or so less after the reassessment has been made; in two or three years it reaches its old level, when instead of increasing it further the price of gas is advanced 2d. The next year this is followed by a drop of 1d. in the price of water sold by meter; the reassessment eases things in time, and the process is repeated in different order. In this way much can be done to make the water and gas consuming ratepaying manufacturer think from time to time that he is obtaining lower rates or paying less for gas or water. The

price of water has varied from 1s. 2d. to 1s. 6d. the thousand gallons,[1] gas from 2s. to 2s. 10d. a thousand cubic feet, and these prices are complicated further by (*a*) charging a lower rate for a large consumption and a higher price to small consumers; (*b*) by charging all consumers the same price; (*c*) making the difference between the classes of consumers 2d., 3d., 4d., 6d.; and (*d*) latterly by making the price 1s. 7d. to those who have gas engines and 2s. 6d. to those who have not; all prices are also subject to a cash discount. The policy seems to be to avoid any simultaneous change in the same direction. In the whole period the local rates and the prices of gas and water are not once the same in any two consecutive years, and the possible permutations will allow of the see-sawing being continued indefinitely without repetition.

To give some indication of the increased local taxation the following figures are taken from the accounts of the Birmingham Proof House:—

Payments.	1872.			1882.			1892.			1902.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Rates and taxes .	111	1	6	158	0	10	120	1	0	140	11	4
Gas and water .	24	14	3	40	16	6	45	9	4	34	4	0

"An institution carried on for the benefit of the community, and not paying any profits nor run as a commercial concern, contributes to the local rates and imperial taxes over £200 per annum. A rifle range which brings in £64 pays in rates and taxes £84." (*The Sporting Goods Review*, Vol. V, p. 81.)

Gas and water cost only £14. 4s. 2d. in 1869, when these were provided by private companies, and the amount of work done at the Proof House was nearly double that done in 1892 or 1902. But to something

[1] Birmingham municipality sells water, to Coventry, at 4·3d. per 1000 gallons; and gas, outside the city, at 1s. per 1000 cubic feet.

else than the rates and taxes alone must the increased cost of proving be attributed. The actual cost of each Proof averaged 7·1 farthings in 1882 and 12·6 farthings in 1892, whilst in 1893 the actual cost of the same at Liège was only 11 centimes, or less than one-third of the Birmingham average cost the previous year.

The difference in the cost of proving as shown by the accounts (official) of the authorities is an item of considerable significance. Gunmakers know that the cost of proving in Birmingham is excessive. They once formed a Proof House Reform Association with a view to obtaining a better economical administration of the Act, but its work was unsuccessful. Without bringing any charge of extravagance against any authority, it is clear that the cost of proving at Birmingham ought not to be so much in excess of the expense for exactly the same work done at Liège. It is, of course, just as easy to load, shoot, and look at a gun-barrel in Birmingham as it is in Belgium, but there is a difference between Belgian and British economics. The extra expenses incurred in Birmingham are due to higher salaries and wages, and higher rates and taxes. In Great Britain it seems impossible to get anything done officially so economically as is done abroad, and the administration of a simple Act, such as the Gun Barrel Proof Act is, requires in Birmingham an outlay far greater than suffices for administering precisely the same law in Liège. It is not the guardians of the Proof House who are wholly to blame, and it seems idle to condemn "the system"; but as far as our experience goes the administration of British law is done with such immense dignity and entails such extravagant expenditure that we doubt whether the British are really a practical people. And this costly administration pervades British officialdom

in all its ramifications throughout an empire on which the sun never sets.

The Briton, in his own private business, takes off his coat on occasions and holds his own against the best of hustlers—he has to. The Briton, as administrator, is mindful first of his official dignity. Every Act, petty or otherwise, is administered with excessive pomp and conscientious accuracy for the letter of the law; almost invariably by worthy people intent upon showing respect for the law and having respect shown to their office by the public. The result is known; it is a cause of Britain's decay. Any one going along the Aston Road will pass close together three pumping stations belonging to the Birmingham corporation. There is no possibility of mistaking the two first erected—by the old private company—for they are simply pumping stations. The third, built by the Birmingham municipality, may be mistaken for anything else. As the Berliner says of new buildings under construction in the Prussian capital, "Until it is open one cannot tell whether it is meant for a cathedral or a beershop," and this ornate building, meant to impress, is quite unlike the other two, which answer their real purpose admirably. This, for a chimney stack has a hollow shaft which might be a fitting memorial to a feat of national heroism; it stands upon an embellished pedestal and is crowned with a decorated capital, but as a smoke carrier is inferior to either of the others. Still, it cost more money; it is a thing of beauty, and the part of a penny in every rate for thirty years. The British municipality, or a "protected, subsidised official administration," cannot compete against the privately owned concern in any prize for economy. At a London free library it cost the ratepayers fourpence to loan

each volume it issued during twelve months; Boots' will lend anybody a book for a penny, and, presumably, make a profit on the transaction. It is said that in a certain parish union—not West Ham—in the administration of poor relief the expenditure of each pound raised is: as to over fifteen shillings of it employed for collection, allocation, and distribution; and as to less than five shillings only of it, spent on the sustenance of the pauper. It is the same throughout. The Guards must have their bearskins and Bumble his gold lace. It is only in keeping that Birmingham should spend threepence do to what is done in Liège at the cost of a penny. For every penn'orth of necessary official labour done, the Briton must have, and pay for, two or three penn'orths of pomp and dignity whether he can afford it or not.

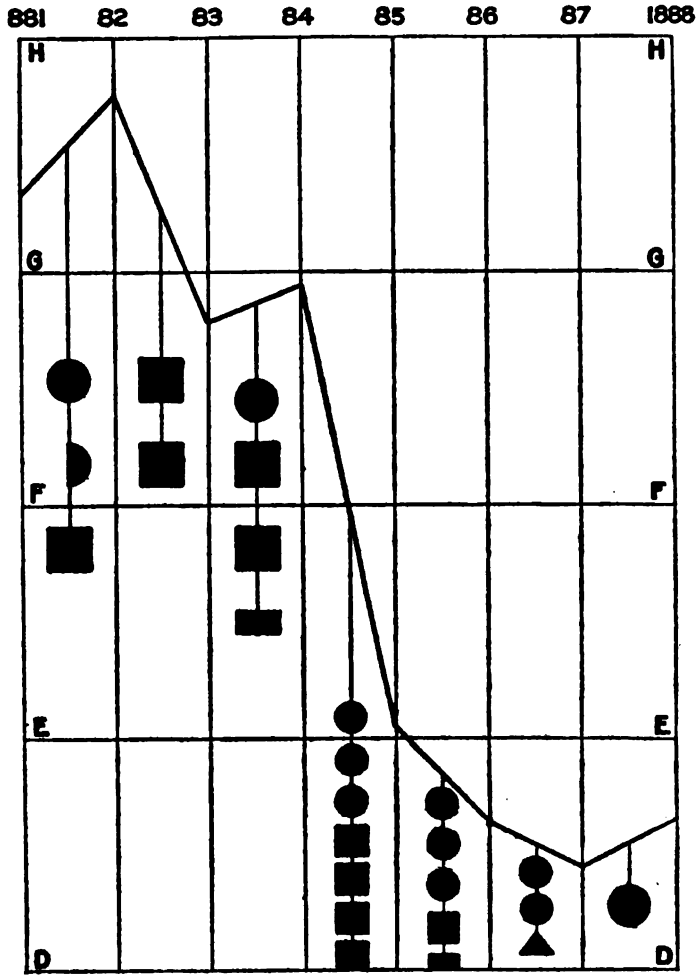
If the municipality had attempted to care for its industries much might have been done to succour them. Instead of the competition of an outside private company being dreaded by the industrial departments of the corporation, the city should have done its utmost to provide the cheapest procurable motive power obtainable by any method. Instead, it stops the Brunner Mond Company at the city boundary, and not only are rates and assessments lower in the suburbs of Birmingham, but there motive power can be obtained more cheaply than it can be procured of the great municipality itself. Birmingham, with its huge gasworks and consequent enormous supplies of coke and breeze, should have made an endeavour, by offering this fuel at lower prices than it can be procured elsewhere, to entice others using this fuel to establish factories in the city; instead it makes one price, the same to citizens as to the foreigner, and, it is said, the outsider has the advantage, because the city corporation will deliver

coke free, or pay part carriage on quantities taken far away beyond the town limits. The view of the corporation is that the well-being of the population is served to greater advantage by securing the best price for the surplus material the corporation has for disposal, than by encouraging the development of the town's peculiar industries and thus attracting fresh manufacturers to the district. It is a policy which does not assist Birmingham manufacturers, however well it may suit the Birmingham shopkeeper.

Since the carrying away to Liège of the bulk of the Birmingham fire-arms trade, the production at the English centre of the industry has become so exceedingly sensitive to outside influences that it seems quite possible to name each and every one of the various additional imposts which have borne down the now drooping industry. Every penny added to the income-tax, for instance, appears to be noticed as an extra weight on the declining industry sinking it towards zero. Add to these pennies the extra local rates, the increased assessments, and new legislation requiring expenditure or increasing liability, and the progress of the decline is sufficiently apparent to indicate the cause.

The periods during which markets were lost to Birmingham manufacturers are comprised in the last two decades of the nineteenth century. Each period merits separate illustration.

In the diagrams the thin line illustrating the fluctuations in production is that shown in Chart X, and the squares represent each 100,000 Proofs. Imperial taxation, being spread over a much wider area, falls more lightly on a particular Birmingham industry than does a corresponding penny levy added to the local rates. To show the dates of the increases in the



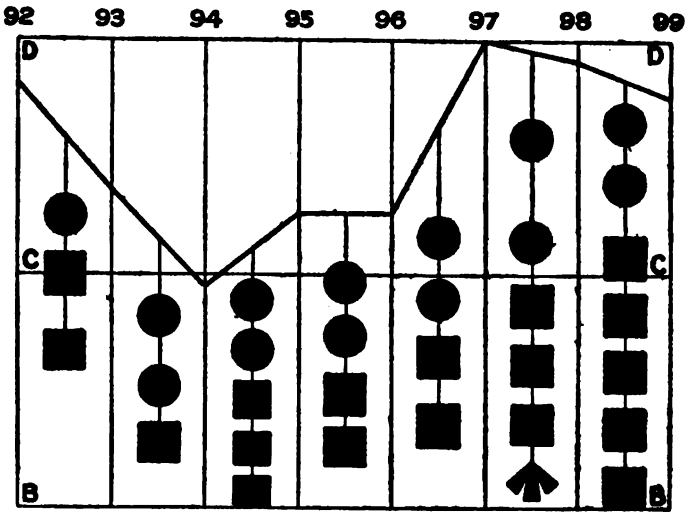
INCREASED RATES AND TAXES DECREASING PRODUCTION

D line, 400,000 Proofs
E line, 500,000 ,,
F line, 600,000 ,,
G line, 700,000 ,,
H line, 800,000 ,,

Disc, one penny increase in income-tax
Square, one penny increase in local rates
Triangle, increased reassessment of premises

burden, from the line indicating the number of fire-arms Proofs at Birmingham is suspended a black disc to represent each penny in the pound additional to fivepence, at which figure the income-tax stood at the beginning of the period. A black square a penny in the local rates above 6s. 7d., at which point they stood in 1881.

That these dates coincide with the lessened output on almost every occasion cannot be accidental. There is



RATES AND TAXES AS AFFECTING PRODUCTION

B line, 200,000 Proofs
C line, 300,000 Proofs
D line, 400,000 Proofs
Broad arrow, Persian Gulf seizures

little doubt but that, singly or collectively, they were the cause of orders being sent to Liège instead of being executed in Birmingham, because these new imposts increased the cost of production at Birmingham.

Between 1881 and 1889, during which period the great "slump" occurred, the income-tax was raised from 5d. to 8d., and Birmingham rates from 6s. 7d. to

6s. 10d. in the pound. From that date to the end of the decade the income-tax was reduced, the Birmingham rates were lightened, and the output increased slightly. But in the meantime the mischief to the industry had been accomplished. Before 1887 a great market was lost; twenty years have elapsed since then and it has not yet been recovered. Leaving the consideration of this event for the moment, and turning to the diagram of the next decade, the index-point is higher: the income-tax starts at 6d. instead of 5d. and the rates average 8l·6d. The production is on a lower level, averaging only 350,000 Proof units per annum, instead of 514,000 per annum in the previous decade. But the result is almost identical. There is a fresh assessment for local rates; an increase of income-tax—a decline of output. The bulk of the trade has already been lost; the weak manufacturers have been weeded out of the industry; consequently the depressions are not so deep, the fluctuations are not so marked; the manufacturers remaining in the industry are determined to keep what trade they have, and even accept an eightpenny income-tax as normal. It shows that they recover less than half the trade they lost earlier in the decade, less than 20 per cent. of that lost in the preceding decade, and acquire none of the additional trade with open markets, much of which, as shown in Chart X, went to Liège.

The "slump" in the output for 1886–7 was due to the loss of the United States as a market for guns. In 1880 Birmingham exported to the United States 84·3 per cent. of the total value of fire-arms imported, about a million dollars, leaving 15·7 per cent. to all other nations to supply. In 1890 the conditions were entirely reversed; Birmingham had already lost the bulk of the trade, contributing only 25·1 per cent. of the total

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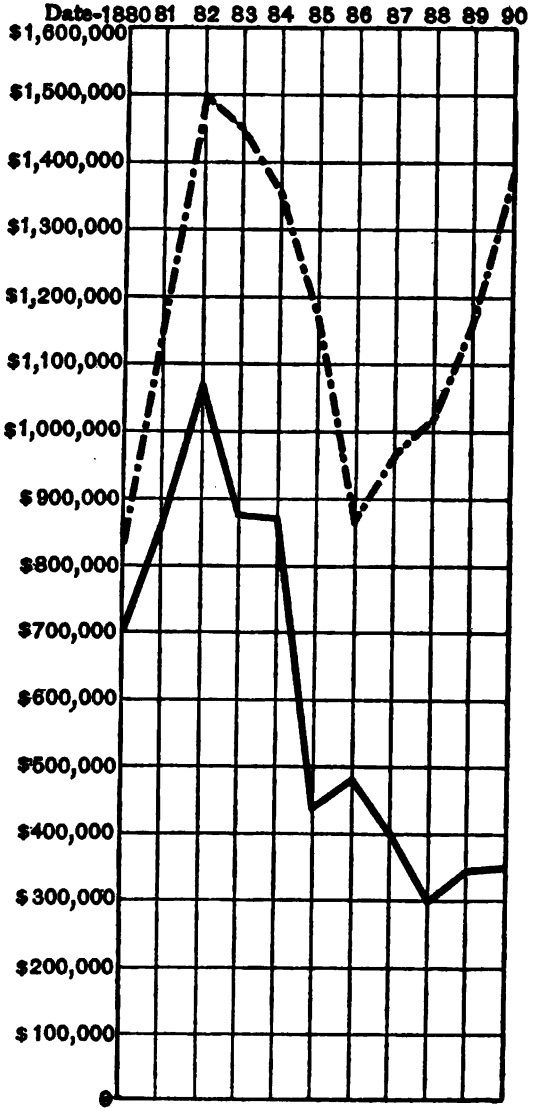


BIRMINGHAM'S TRADE WITH THE UNITED STATES

imports, and in 1891 the proportion had sunk to 19·8 per cent. The imports duties have always been the same for Birmingham as for Liège manufacturers, namely, about 35 per cent., with variations as given on page 228.

The figures of the trade in fire-arms with the United States are given in Table XVIII, but the extent of the "slump" is shown in the diagram on preceding page, in which the dotted line represents the value in dollars of the total imports into the United States, and the plain line the value of Birmingham fire-arms exported thereto.

References are made elsewhere to other points connected with the subsequent developments of the trade, but it may be mentioned that Great Britain shipped to the United States only 274 guns in 1901, 486 in 1902, and 422 in 1903. Other recent figures are :—

IMPORTS OF FIRE-ARMS INTO THE UNITED STATES

From	1900.	1901.	1902.
	£	£	£
United Kingdom	8,000	10,000	8,000
Belgium	149,000	168,000	207,000
Germany	8,000	6,000	14,000

EXPORTS OF FIRE-ARMS FROM THE UNITED STATES

Where to.	1901.	1902.	1903.
	£	£	£
All Countries	49,000	24,900	55,900
Belgium	19,600	3,000	2,600
United Kingdom	1,900	1,700	2,000
Canada	17,500	9,600	39,000

The chief items affecting the cost of production in Belgium and England are alike ; the differences due to economical conditions not confined to the fire-arms industry in either country. The rates, taxes, and cost of living for the period 1880–90 are :—

United Kingdom. Rates and taxes 63s. per head, equal to 9·3 per cent. of earnings.

Belgium. Rates and taxes 36s. per head, equal to 6 per cent. of earnings.

Birmingham. Amount of debt £6,110,000, or £15 per head.

Liège. Amount of debt £1,500,000, or £13 per head.

Birmingham. Annual expenditure £1,610,000, or £4 per inhabitant.

Liège. Annual expenditure £309,000, or £2·7 per inhabitant.

Birmingham. Cost of food 14s. per week and average wages 31s. per week.

Liège. Cost of food 12s. per week and average wages 20s. per week.

These figures are all in favour of Belgium, but between 1880 and 1890 the average retail prices of the principal foods, the bare necessaries of life consumed by the working classes of England, fell 13·5 per cent., food being cheapest when money is scarcest, which shows that retail prices are not fixed by the cost of production, but made by the middlemen. In the same decade the rent of artisans' dwellings rose about 8 per cent., but the cheapest dwellings were difficult to find owing to the demolition of insanitary areas in Birmingham. On the other hand, taxation in Belgium increased 1s. per inhabitant between 1879 and 1890—but this increase was raised chiefly by increased duties on imports.

It must be remembered that in all markets, and they are the most numerous and important, in which import duties are levied *ad valorem*, commodities and manufactures of the lowest grade are most directly encouraged, have the greatest circulation and readiest sale. If, instead of putting a duty of 6d. a pound

on tea, the United Kingdom fixed the duty at 200 per cent. of the value, the cheapest-grade teas grown could still be retailed here at the same prices as obtain to-day, but the higher-class teas, worth on the plantation from 1s. to 20s., or more, per pound, would be marketed elsewhere. If a duty of 20 per cent. *ad valorem* is placed on soap, the better qualities find but a very small sale compared with that of the lowest grade it is possible to produce anywhere; but make the duty 20s. per cwt. and the commonest quality soaps will be made locally and the more expensive varieties will be imported, and compete with greater chances of success against all grades of soap produced within the protected area. The *ad valorem* duty has done much to encourage all the world over what in the previous chapter were termed Z class goods; because of this, manufacturers everywhere have had to produce the cheapest quality article, and, as ordinarily best quality products were the speciality of English manufacturers, the *ad valorem* duties have pressed more unduly upon their products than upon those of their foreign competitors. The rule of the English manufacturer has been to produce the best of its kind—that was his standard. The rule of the foreign manufacturer and the new rule of the English manufacturer is to produce the cheapest of its kind. Foreign manufacturers having no duty imposed upon their products introduced into Great Britain, send here the best qualities they produce, because nowhere else is there a market for them. Their best is often so very inferior to the British best that the United Kingdom seems to be flooded with cheap foreign manufactures. It must be admitted also that much of foreign make sold in this country is of that special low grade, termed "export quality" by German manufacturers, which was

intended primarily for the foreign markets protected by *ad valorem* duties.

The Belgian fire-arms exported to the United States consist chiefly of very cheap guns; some of them different in principle and model, but little superior in quality to the African slave-trade musket still shipped to the Gold Coast. A large trade is done in component parts and in unfinished weapons; more recently increasing numbers of better quality breech-loading shot-guns have been shipped from Liège to the United States, guns Birmingham could and should make, guns Birmingham would have made had not the trade connection been severed by the slump of 1886. The Belgians also send guns at special-duty rate, being under the value of $6 each, with which products the American fire-arms factories do not compete. Such guns the English manufacturers no longer produce for this market, and in but small quantities for other destinations, because the cost of production in this country has been made by legislation to exceed so greatly that of Belgium.

CHAPTER VI

HOME LEGISLATION AFFECTING PRODUCTION: SPECIFIC

THE special legislation affecting the production of fire-arms in the United Kingdom is comprised in the Acts which render the proving of guns compulsory, the Acts which bear directly or indirectly on the marking of such products as indicative of the place of their origin, and the legislation which has provided the State arms factories to compete against the products of private manufactories.

The Gun Barrel Proof Act of 1886, which regulates the testing and marking of fire-arms in this country, is a private Act superseding two previous public acts passed earlier for the same purpose, and utilising or continuing the powers granted to the Gunmakers' Company in 1637.

To begin at the beginning: the circumstances favouring the incorporation of the gunmakers are set forth in the preamble to the charter as follows:—

> That divers blacksmiths and others inexpert in the art of gunmaking had taken upon them to make, try, and prove guns after their unskilful way, whereby the trade was not only much damnified, but much harm and danger through such unskilfulness had happened to His Majesty's subjects.

It was for the reformation of these evils that this charter of incorporation was applied for and granted. It was also intended, perhaps primarily intended, to

protect and profit the gunmakers, but it must be remembered that all the old trade guilds were the technical colleges of their age. They gave instruction in the art and mystery of the craft, and provided pensions for old, unfortunate, and deserving members of the guild. All these matters, as well as the proving of guns for the public good, were duties imposed on the Gunmakers' Company or implied by its charter.

After the Restoration, in 1672, to be precise, an amended charter was granted. But before this the gunmakers of Birmingham were testing the fire-arms they made, not always after their "unskilful way," but occasionally under the direction of Nathaniel Nye, the foremost practical mathematician of his day. Subsequently there was much rivalry and not a little bitterness between the London and the Birmingham gunmakers, and not until 1813 did they come together on the common ground of an Act to make more effective and general the Proving conditions of the Gunmakers' Company's charter. This new legislation was an "Act to insure the proper and careful manufacturing of Fire Arms in *England* and for making Provision for proving the Barrels of such Fire Arms." The preamble ran: "Whereas serious injuries are frequently sustained by persons using guns and other Fire Arms, it is expedient that manufacturers of Fire Arms should be compelled to prove the same at . . . a Public Proof House," etc. The Act was amended in 1815, and again in 1855, which last measure the present Act superseded.

In all these Acts the safety of the public was set forth as the cause for the legislation. But as the Acts did not apply to Scotland or other parts of His Majesty's dominions outside England and Wales, the security of the gun user was really of no more consequence than the benefit of the gunmakers; for although

the latter had to bear the expenses of passing and enforcing the Act and the maintenance of the Proof Houses, the industry generally could not but be benefited by stopping the sale of unsound guns, whether intended for military or sporting purposes. In short, just as the hall-marking of gold plate was a guarantee of quality, so the Proof Mark on a gun is a guarantee of sound workmanship and good material. If utilised to the full, this proving and marking of fire-arms could be made as effective in forwarding and safeguarding trade interests as it is in protecting the gun user. Unfortunately only little has yet been accomplished in this direction.

The question of Proof must be considered both as it affects the industry and as it serves the public interest.

To the gunmaker the Proof is, first, a test of material and workmanship; secondly, as evidence of the test, the Proof Mark is a symbol of quality; thirdly, the Proof Mark is a trade asset of which the greatest commercial value should be realised; lastly, the cost of testing and marking is a trade tax borne by the manufacturer wholly.

When first imposed as a test of workmanship and material the Proof was contemned by the gunmakers of the period. It must be allowed that under the earlier Acts Proof was less a test of merit than a means by which, in Birmingham, the Proof House authorities obtained an income. Joseph Manton would not submit his guns to Proof if he could help it; W. Greener wrote a brochure impeaching the Proof House as the bane of the gun trade—the tests did not satisfy these manufacturers. At the present time, when fire-arms are of so many different kinds and sizes, when the explosives with which they may be used differ so

much in strength and character, and when changes in both arms and ammunition are as frequent as they are diverse, the determining of the efficient test for all and every sort of arm with all kinds of ammunition is a matter requiring expert knowledge and great attention to detail. Excellence in this direction can result only from painstaking effort on the part of the leading authorities in both the fire-arms and explosives industries. It is the first essential that every test shall have the full confidence of all members of the trade. The leading manufacturers should co-operate in determining the test and approving every departure made from the older methods of applying it. The Masters of the Proof Houses should have the willing assistance of every member of the trade; the Court of the Gunmakers' Company and the Guardians of the Birmingham Proof House ought to be men actively engaged in the fire-arms industry, the men whose manufactures have the highest reputation, men whose position as leaders of the industry is beyond question. There are such men on the Boards of both houses, but the names of others, equally well known and authoritative, are missing; neither London nor Birmingham has been able to attract all its best manufacturers to take a share of the work of direction. That is the most conspicuous weakness in the composition of both Boards; a weakness which can be remedied easily, the matter being in the hands of the gunmakers themselves. With Boards thus chosen and elected, the confidence of the public in the efficiency of the Proof test will increase.

A test which would satisfy the leading gunmakers would satisfy the trade and would satisfy the public. The value of the Proof Mark would be enhanced; and thus from the purely commercial point of view it would be advantageous. So much has been written concern-

ing the value to the industry of a progressive Proof, by which is meant an efficient test to-day and to-morrow as well as yesterday or ten years ago, that on this purely technical matter further argument is not needed.

The commercial value of the Proof Mark is another matter. Its consideration opens up wider issues than the personnel of the Proof Houses. It is the intention of the authorities of the different Proof Houses, English and foreign, that the Proof tests shall be as nearly as possible identical. Unless the tests are equal, the authorities of one country would not be inclined to view the Proof test applied in another country as sufficient compliance with the law which makes proving compulsory in their country. International comity frees a gun bearing the Proof Mark of Birmingham, London, Liège, or Berlin from Proof in England, Belgium, or Germany; the tests are identical, but the marks differ. A gun made in Birmingham may be proved in London, and a foreign-made gun may bear the Birmingham or the London Proof Mark. It is contended therefore that the Proof Mark is not an indication of origin, but of a test made at a certain place. In just the same way the hall-mark of gold plate indicates the fineness of the gold. In respect both of guns and of gold plate, it has been the practice to consider the hall-mark as an indication of British manufacture, and the English Proof Mark as showing the place of manufacture. Because foreign plate was brought to England to be tested and marked before sale, whether the sale took place in England or abroad, it was deemed advisable to amend the law relating to the marking of plate by a short Act passed in 1904, which enacts that imported plate is to be marked in such manner as will distinguish whether it was wrought in England, Scotland, Ireland, or was

imported from foreign parts. If the person sending it to the Assay Office did not state in writing whether it was made in England, and in cases where he does not know where it was wrought, the authorities assume that it is foreign wrought and mark it accordingly.

The Proof authorities have to test and mark all arms sent them, and these bear the same marks, whatever their origin. This system of Proof-marking enables the unscrupulous dealer to import into England foreign goods, and sell them in the home, colonial, and foreign markets as English. It allows the poorly equipped manufacturer to obtain abroad partly manufactured material and sell it as his own make. It aids the foreign manufacturer in selling his goods—as English make—in all markets; it renders more easy the work of the foreign forger of renowned names, registered trade-marks, and saleable brands.

In 1894 an importer in Australia obtained a number of common Belgian guns so Proof-marked, and was detected in placing upon them the names of some of the English gunmakers in highest repute in Australasia. Both Mr. Greener and Messrs. Hollis & Sons, of Birmingham, brought actions against this dealer and obtained judgment and damages, but the Proof system which makes the fraud so easy of accomplishment still obtains.

The matter of differential Proof-marking was brought to the attention of the Board of Trade by Mr. Jesse Collings, M.P., in 1895. Mr. Bryce, the President of the Board of Trade, answered that the Proof House Guardians were required by Act of Parliament to prove and stamp all barrels sent to them regardless of their origin. He was informed that gun-barrels, pistols, and breech-loading actions were sent from the Continent to England to be proved, but he apprehended

that the application of the English Proof Marks would not amount to an indication of origin. If the foreign barrels were subsequently marked with a mark indicating English origin, a false trade description would be applied to the goods within the meaning of the Merchandise Marks Act, and he was of opinion that nothing could be done without further legislation, the desirability of which would be considered.

This answer betrays an absolute lack of comprehension of the events which prompted the inquiry, and confusion as to the points at issue. If the foreign goods, after being proved and so marked, were made to bear the name of the foreign maker, they would be, technically, unproved guns, and so be liable to seizure, and the maker could be prosecuted.[1] If they were shipped to America the Customs official of the United States would declare that they did not bear marks indicating their correct origin, and so they would be liable to confiscation or other penalties. If they were sold in England, named or not, if discovered the retailer on discovery might be proceeded against under the Merchandise Marks Act. But such arms could be sold with impunity as English guns in Scotland, Ireland, or any of the foreign or British colonial markets; and in those markets the guns would be more valuable, because the Proof Marks they bore would be taken as sufficient indication of their manufacture in Birmingham or London, as the case might be.

In 1903 the Birmingham Guardians and the London Company attempted to obtain powers to enable them

[1] For although English, Belgian, and German Proof Marks frank guns of English, Belgian, and German manufacture in all three countries, a gun of English manufacture bearing a Belgian or German Proof Mark only is an "unproved" gun, if offered for sale in England as an English gun. Like postal letters, guns must bear the stamp of the country of their origin.

to distinguish British from foreign-made guns proved at their establishments. The matter is reported in the annual statement of the Birmingham trade in the following words:—

After the two companies had agreed upon the new rules it was suggested that it was desirable, if possible, to provide a distinguishing Proof Mark for small arms manufactured abroad and sent to the English Proof Houses for Proof. The subject was accordingly considered by the Proof Committees of the two companies, and ultimately it was agreed to submit for the approval of His Majesty's Principal Secretary of State for War certain additional rules for the purpose of attaining that object. In due course a communication was received stating that all rules excepting these would be approved, and that the latter rules had been referred to the Board of Trade for advice. The Board of Trade invited a conference of all the parties interested, which was held on 1 March, 1904. The London Gunmakers' Company, as well as the Guardians and certain barrel-makers, were represented at this conference. The barrel-makers' representatives stated that they objected to the new rules unless they were made to extend to tubes in the rough. The Board of Trade intimated that they could not see their way to recommend the approval of the rules unless all parties interested were agreed. As that appeared to be impossible the rules were withdrawn.

It was a mistake of the parties not to agree. One sympathises with the barrel-makers, because they, more than the gunmakers, have suffered from the foreign competition; but it does not seem that the continuance of the present system of marking will benefit them in any way, whilst the proposed method might have worked to their advantage. The real error seems to have been in putting off the proposed reform too long; the barrel-makers are so few, and the manufacture of English barrels of such little financial importance compared with what it was even five years ago, that there

seems to be now no probability of restoring the barrel industry immediately, whilst there is a possibility of the fire-arms industry sinking before foreign competition to the condition of the barrel trade at present.

A number of foreign guns are imported into England, either to supply the home market or for exportation; the variety is indicated in the following table, compiled from figures published by Mr. S. B. Allport when chairman of the Birmingham Gun Trade:—

FOREIGN ARMS PROVED AT BIRMINGHAM

Description.	Number. 1889.	Number. 1890.
Martini rifles	608	291
Martini carbines	100	101
Foreign rifles	328	257
Colt's magazine	26	—
Colt's lightning	300	302
Colt's carbines	195	50
Colt's rifles	188	247
Saloon rifles	421	945
Combination guns	55	35
Sporting shot-guns	—	70
Walking-stick guns	573	628
Colt's revolvers	2120	2718
Colt's Derringers	352	2262
Foreign revolvers	779	471
Foreign pistols	913	98

The numerical importance of the foreign arms sent to Birmingham for Proof may be judged from the fact that, after disregarding those which are sent as partly-made wrought material for working up into arms which will be sold as of English manufacture, the Proofs during the last ten years have exceeded 30,000 per annum. Those of guns, which were about 2400 in 1896, were 5508 in 1905; and revolvers, which numbered about 13,250 in 1896, were 31,664 in 1903, since

when the number has declined owing to the Pistols Act.

Some of these Proofs of foreign arms represent American rifles and pistols, sold and used in this country as such; some represent Belgian and other goods sold in this country as British, or at least bearing an English name; some are of foreign manufacture and sold abroad as of English manufacture, the English Proof Mark upon them rendering this easy. The extent to which this practice obtains abroad is not generally known. It is not of small volume. Because the arms received direct from Liège to be proved and returned do not number more than a few hundreds yearly, it is assumed that this is necessarily the extent of the illicit trade; that is, of the trade in guns which, although of Liège manufacture, are sold to the gun user as English guns, sometimes as of a particular make, bearing the forged name and address of an English firm.

The trade has many ramifications. A foreign manufacturer will have an address for letters in Birmingham, or he will have a London office or depôt. At neither place does he manufacture; but in his price lists, in his advertisements, and in other ways he will represent that he is of London, Birmingham, and, possibly, Liège. The guns are made abroad, but are proved in London or Birmingham; and as in addition to the English Proof Mark they bear the maker's English address, they are sold abroad as English guns.

This trade, injurious as it is to English manufacturers and British artisans, is very difficult to prevent; the present rules of Proof-marking render its continuance certain.

For more than a century the English Proof Marks

seem to have been forged or counterfeited at Liège. King complained in 1829 :—

> They stamp upon the Barrels forged marks in imitation of the marks used by both the Birmingham and London Proof houses together with the names of the most eminent makers of fire-arms in London and Birmingham. And the Companies have been at considerable expence in making public this disgraceful conduct of the foreign manufacturers, by means of advertisements in our own as well as the American newspapers. (*Op. cit.*, Art. I.)

The advertising was without avail; the reports of the Birmingham Guardians show that the offence has been repeated often. In 1865 J. D. Goodman stated in Mr. Timmins' *Handbook of Manufactures* :—

> The superior reputation of English guns has largely given rise in Liège to the baneful practice of counterfeiting English trade-marks. Every effort should be made to obtain a law to check a practice so injurious to our manufacturers and detrimental to the public. (*Op. cit.*, p. 427.)

Since that date many efforts have been made to stop the practice and punish the offenders, but it has been difficult to demonstrate that the Proof Mark is entitled to legal protection. In these cases of counterfeiting, the Master of the Liège Proof House, M. J. Polain, has lent active and invaluable assistance, both by actual interference and, as the Belgian law allows, by treating the guns bearing the counterfeited marks as unproved, and so violating the regulations of the Belgian Proof laws.

Although very few, if any, English guns are proved at Liège for the purpose of obtaining a mark implying Belgian manufacture, the fire-arms industry of Liège has been built up by the morally indefensible, if legal, use of British reputations. The Liège manufacturers themselves admitted as much in a petition the Gun-

makers' Corporation addressed to the Belgian Government in 1892, of which the preamble ran :—

Our arms are absolutely without reputation abroad. By reason of the foreign competition and lowering of prices which is the immediate result, Liège, and the populous districts around, manufactures, with few exceptions, only guns of inferior quality. Such is the depreciation of the products of our gunmakers that we are unable to place upon the markets of the world those few fine guns which we make still *unless they are marked with the English Proof Mark* to efface the stain of a now universally disowned origin.

Stated bluntly, it is to the advantage of the Belgian manufacturers to pass off as of English make the output of the Belgian factories. It is to the advantage of the dealers at home and abroad to sell as English these Belgian products, for which they pay less, and try to get even more than the prices English goods command.

The competition of Liège is not only in price, every advantage is taken of the old rule of *caveat emptor*, as writers have frequently insisted. The latest official notification of the practice is in a consular report.

A large quantity of gun-barrels are sent annually from Liège to Birmingham to be tested, in order that they may have the Birmingham mark. They are then sent back to be finished and made up at Liège, and are frequently sold as British guns, the retail price being consequently much higher. This could be avoided if all gun-barrels manufactured at Liège were marked "Made in Belgium" before being accepted for Proof in Birmingham. (Vice-Consul Leeds, of Liège, *Consular Reports*, A3275, 1903.)

Various systems are manufactured . . . some of which are copied from the best-known English guns, and are described by the names by which the systems are known in the United Kingdom. Thus it is easy to obtain guns offered for sale as "Anson & Deeley action" which are manufactured entirely at Liège and bear none but the Proof Marks of the Liège Proof House. The guns are undoubtedly of the

England had the Gold Coast trade in fire-arms until a few years ago; it was wrested from her by Belgian manufacturers and German merchants. The Birmingham Proof Mark is used, quite legally, as a means of injuring the manufacturers of Birmingham whilst the change is being effected.

The trade with Africa in flint-lock muskets dates from 1698, when the first order for this class of arm for the slave traders was executed in Birmingham. For many years this trade with the African coast was carried on from Bristol and the western ports, carriage thereto thus favouring Birmingham and handicapping London manufactures. In addition to the slave-trade guns, cheap muskets were shipped for the use of natives to many other parts of the world, even to Japan as late as 1860—which trade-muskets, according to the length and model, were known as Long and Short Danes, Dutch, Carolinas, and Spanish. These arms were proved, but by high-class gunmakers the tests were deemed inadequate, and the demands for a more efficient Proof were constant until the passing of the amended Proof Act in 1868.

However poor the test may have been, and even now is, probably it was preferred to the test imposed on similar arms elsewhere, or to no test at all. The guns, whether flint-lock or percussion-cap muzzle-loaders, are of the cheapest quality it is possible to produce, and are used with a special very bright grained powder of low strength. At the Birmingham Proof House over 6 per cent. are rejected as faulty, whereas of the old, cheap, military muskets, the only arms with which these may be compared, the rejects were only 2 per thousand, which difference is a sufficient indication of the quality of the African musket.

For the greater part of two centuries Birmingham

made the bulk of these slave-trade guns, Liège and St. Etienne contributing but a small portion of the annual production. Liège appears to have turned out fewer than 10,000 yearly until 1837; only 6073 were proved in 1833, and 7092 in 1842; in 1849 the 20,000 level was attained, and later the number increased irregularly but surely. The preoccupation of the French and English gunmakers during the Crimean War doubtless favoured Liège, for it was at this period that the annual output reached 40,000; it was over 50,000 in 1860. After the American War the number dropped to fewer than 5000, but the Franco-Prussian War again favoured Liège at the cost of St. Etienne, and the output was 49,471 in 1872; the increase was maintained, over 50,000 being proved in 1877, and the highest figure (88,682) reached in 1881. Since 1889 these Proofs have not been separately classed at Liège, and are now included in the returns with muskets and military weapons.

All these figures are trifling in comparison with those of the Birmingham output. According to contemporary authorities, the annual output of Birmingham varied upwards of 100,000 last century, and 205,903 were proved in 1884. Altogether Birmingham seems to have produced some 20,000,000 of these barrels to the 3,000,000 made in Liège, and to have produced during the last twenty-five years alone more than Liège has made since the trade first opened centuries ago.

The market has never been a steady one. Prohibitions, tribal wars, changes in protectorates, and the extinction of the slave trade in different localities have affected commerce, which during the latter half of last century was also disturbed by supplies of discarded army muskets coming into the open market.

The African and eastern markets have been closed

arbitrarily for periods, or permanently, by enactments as specified in chapters VIII. and IX., but in the shrunken markets remaining the English Proof Mark is regarded as a certificate of good quality. The Belgian manufacturers, although of late years they are as able as any to produce cheaply and were favoured with special facilities for trading in the Congo and West Coast markets, have not been able to oust the Birmingham Mark from the African markets. The Belgian manufacturers found it too costly to send barrels of their own manufacture to Birmingham to be proved, and thus get upon them the mark which the uncivilised African esteems, so they purchase British barrels which bear the Birmingham Proof Mark, import them into Belgium in the rough, and there make them into guns which they can export at a lower total cost than if the barrels were made into guns in Birmingham. In 1891 Mr. S. B. Allport, presiding at the annual meeting of the Birmingham Gun Trade, said:—

> Of the total number of Proofs, 521,000 in 1890, some 176,000 were of African barrels, the commonest made, and of these 176,000 as many as 100,000 had been exported direct from the Proof House to Belgium, to be there made up into guns. That showed two things—first, the value set upon the English Proof Mark; and second, that in Birmingham these common guns were not made up so cheaply as in Belgium. When made up these guns were sold abroad with the fictitious character they derived from bearing the Proof Mark.

In 1906 Mr. Powell, presiding at the annual trade meeting, remarked that a larger number of African barrels had been proved, and "though manufactured here, these barrels are mostly sent to Belgium to be made up into guns."

The ultimate buyer, or user, may be deceived; he probably is. That result of the practice is not within the immediate compass of this book, which is wholly concerned with the effect upon the productive industry. Briefly stated, this practice means that Birmingham by its proving, marking, and exporting *barrels* has lost the trade in guns: for twenty-seven pence, the cost of each barrel, has sacrificed eighty-one pence, the cost of each gun; the workmen thus losing some £20,000 yearly in wages. More than this, a fictitious higher value is given to the product of the cheapest gun-workers in Liège, and a higher market price abroad thereby realised for their work by the middleman.

The African trade has been much opposed during late years by various individuals and societies from different reasons. The late Lord Salisbury objected on political grounds to the African natives being armed; the late Sir H. M. Stanley said, "Appeal to the interests of the four powers who have divided Equatorial Africa amongst them, to close their ports against fire-arms and gunpowder." As a matter of fact, the ports are closed to breech-loaders and modern fire-arms, unless intended for white settlers, by the clauses of the Anti-Slavery Congress of Brussels. This system not only places the negroes of the interior completely at the mercy of the merchants and traders as well as the officials, but also at the mercy of the slave raiders and dealers from the north, who are better armed than themselves. The trade bristles with difficulties from the humanitarian point of view. The most voluminous and profitable business is transacted by the Belgians, whose trade is worth £80,000 per annum, and next by the French, Germans, Portuguese, and English in turn. This fact shows that facilities are given to dealers of one nationality which are denied, maybe, to one of any other, or

to one of a particular nationality. The natives, certainly, would not be any worse off if they were better armed, no matter in which sphere of influence or protectorate they may reside; England's loss of the trade has been a loss to them, no less than it has been a loss to Birmingham workmen, whilst the only people to benefit are the Belgian and German manufacturers and the foreign dealers.

This diversion of English trade into foreign channels demonstrates the value of the Proof Mark to English manufacturers if only they can succeed in realising its utmost worth; it shows also the value of the Proof test to the public, for that Birmingham mark is all the poor untutored African savage has to guide him in choosing a weapon with which he knows it will be safe to shoot. And the position of the African savage is that of the great public in so far as the Proof Mark is an indication or assurance to the gun user.

The contention of the gunmakers, both in this country and abroad, is that the presence of the Proof Mark frees the maker from all liability for damages resulting from accidents with guns. Both in Belgium and in England it has been pleaded that neither the Gun Barrel Proof Act nor the Proof Mark offers any guarantee that the claims of a person injured by the bursting of a gun which has been proved cannot be sustained against the vendor or the manufacturer of the weapon. The position of the gunmaker, who bears a heavy tax, and the dignity of the Proof House, which has imposed the best test experts can devise, require that the Proof Mark shall be regarded as a guarantee.

The Proof tests are of three kinds: first, a provisional proof, which is a gunmaker's test, since it is intended only to assure him that the material upon which he is going to work is good enough to warrant the labour he

may expend in converting the tube into a gun. Not all weapons need to be submitted to this test. Second, the definitive proof, which is a test of the weapon when it is practically a finished gun. This test is to prevent the public sustaining injury from the use of faulty guns, as the Act purposed. The third, or supplementary proofs, are made with nitro explosives, or large charges of fine-grained gunpowder, which are intended to determine the safety of the weapon with some special powder or high explosive.

Although the Proof Act does not extend to Scotland, Ireland, and British dominions beyond the seas, it must not be assumed that the Scotch, Irish, and colonial subjects of the King were considered less deserving protection, but only that the fire-arms used by British subjects were made at Birmingham or London, and therefore would be tested. Now that a market is found in the British colonies for guns of foreign make, which have not been subjected to a recognised test, it is a question for colonial Governments to consider whether they should not accept the Proof House Act, as Natal has done, and keep out of the colonies all unproved weapons. Needless to say, this would be a form of protection all colonials would appreciate; it would certainly tend to knit the empire together, as must every law common to every part of the British dominions.

The weight of the Proof House burden as a tax on the fire-arms industry is gauged by taking the total income of the Birmingham Guardians and the London Gunmakers' Company. During the last ten years the Birmingham Proof House revenues have averaged over £5270 per annum, and the income of the Gunmakers' Company is given as £2800 per annum.

The fees for proving at Birmingham vary from 1d.

to 3s. 6d. each; whilst the actual cost of proving, which averaged 12·6 farthings in 1893, has been reduced to 12·3 farthings; the loss is made up out of the revenues from the invested funds derived from the profits of past years. The official fees at the Liège Proof House average about the same as at Birmingham, but the mean cost of proving being only about one-third what it is in Birmingham, a large profit is made, which profit is returned to the gunmakers after certain subscriptions have been voted to the museum of fire-arms and the Gun-workers' Benevolent Institution.

The extent to which the English industry has been taxed in the past may be indicated by the fact that so recently as 1882 the profit made at the Birmingham house in that year was over £3675; at the end of 1881 the capital account stood at £31,225, whilst the revenue was over £10,000 for the year. In addition to possessing the freehold of the Proof House and adjoining properties, the Birmingham gunmakers spent more than £25,000 in providing a rifle range; and although a loss of over £14,400 has been written off for depreciation of this landed property, the assets now comprise investments in stock which cost over £17,000, exclusive of freehold estates valued at upwards of £15,000. The gunmakers also provide, at their own expense, a technical school and a rifle range in Birmingham.

The profits of the London Proof House averaged over £740 per annum between 1870 and 1880, the only period for which figures have been published, whilst the Gunmakers' Company has, or recently had, about £26,000 invested in stocks, in addition to freehold property valued at £324 per annum. From a careful examination of the figures it is estimated that the cost of working the Gun Barrel Proof Acts in the interest of public safety has been not less than half a million

sterling, all of which has been borne by the gunmakers themselves.

Assuming that the Proof tests are solely for the information of the gunmakers and do not relieve him of any liability, then the cost is outrageous, for it must be remembered that, on the assumption that the successful person is the one who can best bear extra taxation, the makers of good articles pay higher fees than do those whose work is of a different class. The tests of the cheapest musket-barrels sent abroad, as well as of the cheapest revolvers imported, are done for a lower fee than the test costs, and the tests of the better-class goods are charged at higher prices to make good the losses incurred in testing the lower-class weapons. The Proof is not more encouraging if regarded from the point of view of practical utility to the manufacturer of the higher-class fire-arms. The percentage of rejects in England for army muskets used to be about 2 per thousand. When some of the old unproved military weapons of different Governments come into the trade, and so have to be proved before they can be sold as trade guns, the rejects have in some instances exceeded 70 per cent., so for these arms a market has had to be found somewhere beyond the territories in which Proof is compulsory.

Again, in seven consecutive years 775,316 African musket-barrels were proved at Birmingham; of these 45,895 were rejected as faulty; the fees for proving them amounted to £6018. 7s. 5d.; the cost to the makers averaging less than 2s. 8d. for discovering each faulty barrel. This reveals the best side of the Proof test.

In the same seven years there were 260,791 Proofs of English revolvers at Birmingham, and of these there was *only one* rejected, and that for a cracked

chamber, the cost of finding which was no less than £2373. 16s. 11½d., paid in fees for proving.

During the same seven years there were only 114,743 Proofs of foreign-made revolvers, less than half the quantity of the English-made revolvers proved during the same term, whilst the rejects were thirty-five times as numerous!

The percentage of these rejects is ·000003 English, ·000302 foreign; that is, 3 English and 302 foreign in one million Proofs. This shows how immensely superior the British arms are, and of how little use the Proof test is to the Birmingham manufacturer as a check upon faulty methods in his factory. In fine, English manufacture of fire-arms is so nearly perfect as to be independent of this Government test, but foreign arms require some such Proof.

The other special legislation affecting production is that which has brought into being the State small-arms factories and maintains them whilst engaged in producing arms to compete with those of the private manufactories.

These Government establishments operate to the detriment of the manufacturer in two ways. They take from his industry his labour, that is, the gun-workers, and in order to get them the State factories must offer higher rates of pay than are current in the trade.

King and Dupin[1] say that State factories are permissible only when they are indispensable to the State, because arms are not made in the State in sufficient numbers to supply the sudden or regular wants of the country.

There is no doubt as to the greater cheapness of the output of the private factory under equal conditions.

[1] *Op. cit.*, Article III.

Lewisham factory cost £66,000 and made 25,000 barrels and 18,000 locks, which the private manufacturers would have supplied for £16,000. At the close of the Napoleonic wars the country had upon its hands two factories which had cost the State over £200,000. Lewisham was then dismantled, and King estimates the loss in connection with it and the Enfield establishment at half a million sterling up to 1829 only. Enfield cost £70,000 between 1813 and 1815, and from 1 January, 1854, to 31 March, 1858, a further £352,583. There seems to be little doubt that the Royal factories have injured the fire-arms industry of this country, and also that the weapons produced in these State establishments could have been produced better and more cheaply in the trade. Now things are to some extent reversed, for the private military trade has been so starved and burdened that its products cannot compete either in number or quality.

In 1892 Mr. John Rigby, then Superintendent of the Royal Small Arms Factories, said that the fostering care of the Government is indispensable if the manufacture of military fire-arms is to be kept alive in this country, because the success of the whole system of manufacturing cheaply depends now upon a large and steady output.

There is one other morsel of evidence which tells in favour of the private manufacturer. For more than fifteen years not a revolver has been made in the State factories, and the supplies drawn from the private manufactories at Birmingham have been in every way satisfactory, and this although there is no competition amongst contractors for the supply. There is not any valid reason why the supplies of rifles should not also be obtained in the cheaper and better way by purchasing of the private manufacturers in this country.

The competition of the State factories is felt when the Government and foreign Governments, having re-armed their forces with weapons made in the State factories, have to dispose of the old weapons, which also were made there. Since 1890 the British Government has refused to sell the old Sniders and other discarded rifles to contractors or to gunmakers. In 1891 Lord Salisbury said that after consultation with various persons interested, it was determined that the best course would be to break up the disused arms.

The actual practice is somewhat different. The British Government sells old-pattern rifles to the Indian and Colonial Governments, to the different Chartered Companies exploiting Africa, and probably would not refuse to dispose of its arms to any corporate body such as the Shanghai Volunteers, the League of Frontiersmen, or any other corps who required weapons for police duty, or possible use in case of war or riot, and not for sale.

Directly or indirectly the British Government now arms not only the independent and semi-independent native states of India, but the different guards of police in various dependencies and British settlements. So recently as 1906 the matter was made the subject of complaint at the annual meeting of the Birmingham gun trade, the injury resulting to the fire-arms industry of the town being succinctly stated.[1] Moreover, there is nothing to prevent the various authorities from placing the arms they have so acquired for sale on the open market whenever it seems suitable to them to do so.

The action of the British Government is singular. The discarded weapons of other armies, as well as those of the British army, when they are of no

[1] The Indian Government has also supplied Afghanistan with the munitions of war from the Dum-dum factory.

further use to the authorities privileged to acquire them, come into the market in open competition with the products of private manufacturers. In 1890 some 1500 Albinis were ceded by the Belgian Government to the Congo State, and another 6000 in 1892, at the low price of 10 francs each, to the great disgust of the Belgian manufacturers, who were unable to compete. In 1893 the French Government offered some 600,000 breech-loading rifles on condition that they were exported within forty-eight hours of delivery. On the representation of the private gunmakers that such a quantity of rifles unloaded suddenly on the world's markets would disturb the commerce in arms generally, the offer was withdrawn, and the rifles were distributed through trade agents at different times in smaller numbers. This was a very proper proceeding, quite in harmony with the protective policy prevailing in France.

It is of course quite impossible for the private manufacturer to compete against a State-aided factory making its weapons almost regardless of cost, and against Governments prepared to donate such arms as an act of policy, or to be rid of them regardless of the money loss incurred if only they are shipped out of the country. This method of governmental business is one of the drawbacks to the manufacturing industry, and it is a drawback which acts very detrimentally to the Birmingham gunmakers, because the open market of Great Britain leads to this country being made the dumping ground for every type of discarded weapon for which the armies of the Continent no longer have any use.

CHAPTER VII

HOME LEGISLATION AFFECTING TRADE WITHIN THE UNITED KINGDOM

SHOOTING is the most highly taxed sport in every country, but under no Government does the tax bear so heavily upon the native gunmakers as it is made to do in the United Kingdom. There is the annual licence to kill game, and the one to deal in it; there is the annual licence to carry and use a gun, and that to purchase a pistol. It has been computed (*Sporting Goods Review*, Vol. V, p. 69) that these licences are tantamount to a minimum tax of 5 per cent. per annum on the capital invested, which seems to be rather under than over the mark. "The game shot who owns a large battery of guns is taxed the most lightly; the poor 'hedge-popper,' with his ten-shilling musket, pays its value, or 100 per cent. per annum, to the State for the privilege of possessing and using a fire-arm." That these taxes hamper trade there is no doubt, although some gunmakers may favour their continuance.

The Gun Licence Act of 1870 was opposed unsuccessfully by the gunmakers, although one of them, the late J. D. Dougall, was able to obtain exemption for gunmakers themselves. But only a few years ago (1892) a gunmaker who had taken two customers to his shooting ground to test guns one of them had ordered of him, was pounced upon by an officer, and the customers were summoned and fined for not having a

licence, although it was proved that they were in the habit of taking out game licences every year. Again, the users of a tube shooting gallery, such as is found at country fairs, were summoned for the same offence, and the fact that the proprietor of the gallery had licences for the saloon rifles used did not avail as an excuse. In short, to the Gun Licence Act of 1870 must be attributed a large part of the non-use by the public of rifles, and also the little esteem in which shooting is held as a sport. To it also the failure of inanimate bird shooting to attain popularity in this country is more directly traceable. The ordinary person who cannot indulge in a simple pastime without first buying a licence, and who then runs the risk of having to submit to interference from the police and Inland Revenue officials whenever he practises, is almost certain to take up some untaxed, unrestricted amusement in preference to shooting.

The sums raised year by year from the gun and game licences reach a high total; it was £316,692 for 1905, which was considerably less than in 1902 and 1903, but is certainly an enormous amount to be paid by members of a small class for the privilege of being allowed to follow a sport at their own further expense.

The numbers of gun and game licences issued during the last ten years are:—

Year.	Gun Licences.	Game Licences.
1894–5	199,450	67,271
1895–6	189,847	69,856
1896–7	201,998	73,961
1897–8	203,572	74,806
1898–9	206,439	73,885
1900	218,954	73,893
1900–1	233,997	73,811
1901–2	246,047	76,807
1902–3	246,434	74,752
1903–4	240,611	69,511
1904–5	238,026	72,996

and the amount of revenue derived from these licences is about equal to that levied as Railway Passenger Duty, which is 2 per cent. of all urban, and 5 per cent. of other traffic in the United Kingdom. This duty realised only £260,694 in 1894–5 and £354,891 in 1904–5. That is to say, the State obtains from the few shooting men as great a sum as it does from railway passenger traffic.

In other words, the few shooting men in the United Kingdom have paid into the national exchequer for these gun and game licences sums sufficient to build several modern battleships, more money than all the colonies together have ever contributed towards the cost of the British navy!

The way in which this money, originally voted to the national exchequer, has been diverted to the relief of local expenditure is not encouraging to those who shoot; for the revenue is so allocated that the large towns benefit to greater extent than the country districts, in which some expense is incurred by the county authorities in the prosecution and imprisonment of poachers. London, which probably has not a wild game bird to protect, nor a person convicted of poaching to maintain in any of its penitentiaries, receives upwards of £10,000 a year from the licences issued to shoot and to kill game.

It is not the general opinion of those engaged in the fire-arms industry that the licensing of those who carry and use guns is harmful to trade. On the contrary most of them hold that the law both with regard to the killing of game and use of the gun should be more rigidly enforced. They think, we know not with what reason, that since the proceeds of the tax have been given to local authorities neither the Inland Revenue officials nor the local police are as active in searching

out breaches of the law as they used to be, and certainly the decreases in the number of gun licences issued during the last few years indicate rather a relaxing of the administration than a falling off in the numbers of those who use guns and kill game. The numbers of licences issued actually increased during the absence of the British army in South Africa; the reductions commencing in 1903 only.

Certain home legislation has affected the cost of distribution and selling, as the Explosives Act of 1875, a measure passed in panic after the Weaman Row explosion. Its working generally is as smooth as any interference with trade can be. It has added to the cost of keeping, conveying and storing explosives; it may have diminished the number of accidents, because it restrains trade in explosives and restricts the handling of them to persons on licensed premises. Whilst diminishing the sales of gunpowder for sporting purposes, it has tended to increase the sales of cartridges. It is now too difficult for the sportsman, and for many gun-dealers, to load the ammunition they require, and so the demands for factory-loaded cartridges have been increased by the Explosives Act.

The Irish Arms Act was an international restriction of trade for political reasons or in the interest of public safety. There is no reason to suppose that it was continued longer than necessary; but its operation was certainly detrimental to the gun-dealers and tradesmen of Ireland no less than to the English manufacturers of fire-arms. Its imposition is one of the risks gun-makers must take. Prohibitions, restrictions and regulations are inseparable from such an industry; and all that those engaged in legitimate trade can require is that restrictive laws shall not be put into operation until after due notice, and shall be administered in such

a manner as to obtain the result desired without undue oppression of the manufacturer and trader, whose co-operation should be sought in making the law effective.

The Pistols Act of 1903 restricting the sale of revolvers is so typical of modern legislation, that the history of the measure may be briefly stated here.

About 1890, coroners reported more frequently to the Home Office that particular cases of murder, suicide, and accidental deaths were due to fire-arms, and in 1892 a Bill, backed by Mr. H. Gladstone and Mr. Asquith, Q.C., was drafted. This Bill passed the Committee stage of the House of Commons in 1893, but failed to become law before the end of the session. Subsequently it was introduced with little alteration and in 1903 what was practically the same measure was introduced by Mr. Helme, hurried through the Committee stage without being noticed by the gunmakers, passed with some trifling amendments, and became a law which has been enforced since November, 1903.

In favour of this measure there is the correspondence of coroners with the Home Office; against it there are many well-known facts supported by the statistics of different countries.

The representations of the coroners were based upon evidence of fire-arms being a means of death in cases of suicide, murder, manslaughter, and pure accident.

With reference to suicide, in this country fire-arms as a means are fifth on the list for males and last on the list for females. Suicides in the United Kingdom averaged annually:—

407	cases	of death	by hanging.
155	,,	,,	drowning.
70	,,	,,	poison.
84	,,	,,	various means.
66	,,	,,	shooting.

In 42,630 cases of suicide in England and Wales during 26 years ending 1883, only 48 persons in each thousand chose a death by shooting against 365 by hanging, and those who used fire-arms were mostly persons between 25 and 35 years of age. Nearly four times as many people committed suicide by poison, the sale of which is restricted, as with fire-arms, the sale of which is unrestricted. Not only in England, but on the Continent, shooting is one of the less-used means of committing suicide. If the lessening of suicides were the chief object of the Bill, some attention instead should have been given to the British army, in which suicides are far more frequent than amongst civilians. For instance, in the United Kingdom, 1885–7, the suicides numbered about 80 per million of the inhabitants, whilst the number of suicides in the British army for one year, 1882, was 1150 in fewer than a quarter of a million—there were 310 cases in the infantry, 340 in the artillery, and 500 in cavalry regiments—a matter surely calling for inquiry.

The statistics of murder cases showed that fire-arms are employed less than other weapons, as knives, being used in but about 8 per cent. of the cases, and the percentage is even lower in cases of manslaughter.

The cases of accidental death from fire-arms are also trifling in number in comparison with other causes. There are about 15,000 cases of violent death from accidents in the United Kingdom every year, of which some 100 are due to fire-arms, 400 to poisons, and nearly 2500 to vehicles. Yet the outcry of the coroners against the unrestricted sale of fire-arms was allowed to prevail, whilst the restricted sales of poisons are answerable for more deaths. It is a question of the popularity of an outcry; more is heard and read of the 56 deaths due to motor-cars than of the 144 due to tram-

cars in the same period. The cars are popular with the "people"; the motors are not.

Fire-arms include shot-guns and rifles; so the backers of the Bill asked for a special return to show the number of deaths due to pistols. The return showed, for 1892, 16 accidental deaths—only 3 more than the deaths due to perambulators. In 1892 pistols were the means of 43 suicides, 32 homicides, and 28 accidental and unspecified deaths, in all 103 cases out of a total of 16,343 violent deaths in the same year.

In these circumstances it seemed preposterous that the sellers of pistols should be penalised by special enactment, and on their behalf the *Sporting Goods Review*, a trade organ, voiced the opposition to the Bill, and complained:—

> If it be enacted that an Englishman is unfit to possess a revolver, we may expect the modern legislator to pass a law respecting the sale of bicycles to raw youths and elderly gentlemen, and call upon urban corporations to build bridges at the corner of every street along which trams pass. It may be that some old woman of St. Stephen's will suggest the surrounding of the sea with an unclimbable palisade and seek to make the selling of thick string a penal offence. It would surely be more profitable to make life easier and better worth the living than attempt to preserve it by stupid enactments no one in earnest will ever observe.

It was pointed out that any one intent upon self-murder will accomplish his purpose, despite legal restrictions; that the regulation of the sale of poisons prevents neither murder nor accident, and that the cry is for further restriction by legislation! "If parents or guardians of children cannot keep dangerous toys from them, it is certain that those who administer English law will be powerless to do so." The stand taken by the opponents of the Bill appears to have been that the people who break the laws are more clever than those

who make them, and that a Pistols Bill was unlikely to have any more salutary effect than had the Sales of Poisons Act.

Next, an expert gunmaker examined the collection of fire-arms in the Metropolitan Police Museum: the weapons with which notorious crimes have been committed, and other arms taken from people who have "flashed" them in the streets of London; arms which have caused accidental death and wounding through premature explosion or foolish handling, together with others which for various reasons were in the possession of the London police. The result of this examination was a declaration that fewer than 2 per cent. of the pistols were of English make, and that English pistols do not appear to be used at all by the criminal class, nor to cause accidental deaths. It was therefore recommended that "if, instead of attempting to restrict the sale of revolvers by legislation, the Government will prohibit the importation of such arms, the end they have in view will be practically accomplished."

The whole of the facts were known to the legislature; it was open to Parliament to:—

(*a*) Prohibit the importation of pistols and revolvers.

(*b*) Impose a duty on revolvers and pistols imported.

(*c*) Prohibit the importation and manufacture of arms of a certain size and smaller.

All these methods have been used with success by continental countries. Instead, the legislature passed the Pistols Bill with the intention that the Act would restrict trade.

It is too soon yet to judge of the results of the Act, but already some figures are available. The Proofs of English pistols at Birmingham were:—

In 1902, 37,010. In 1904, 24,096.

Which figures are inclusive of revolvers and pistols made for abroad.

A Birmingham wholesale dealer states that the number of English pistols sold by him for the home market has been upwards of 37 per cent. less since the Act came into force. A London retailer states that there was a much increased demand for revolvers in 1903, due, he believes, to the publicity given to the matter by the Bill, and that since the Bill came into force the sales have declined, and there is little doubt that not only the Birmingham manufacturers, but London and other retailers have lost much trade by the Act restricting sales.

If the falling off in production indicated by the reduced number of Proofs of revolvers at Birmingham is 68 per cent., on the other hand the benefit to the public as indicated by the returns of the Registrar-General is *nil.*

There were more deaths from violence in 1904 than in 1902; the details show that there were *more* cases of murder and manslaughter, but the number in which fire-arms were employed is *identical* for both years. Of accidental deaths there were *fewer* in 1904 than in 1902, but actually *more* were due to fire-arms. The cases of suicide were sixty-eight more in 1904 than in 1902, but in fewer cases was shooting the means.

The net result of the Act appears to be that, whilst it has diminished production, restricted trade, hampered gunmakers and gun-dealers, considerably increased the work of the police, the magistrates, and others, it has allowed of *more* accidents and the same number of crimes. On the other hand, it has served to make people who take their own lives resort to poison and the knife in greater numbers; which, probably, was not at all the intention of the Act.

The comparison is made between 1902, the year before, and 1904, the year after passing the Act, because the measure was passed and in operation during a part of the year 1903. The chief items are:—

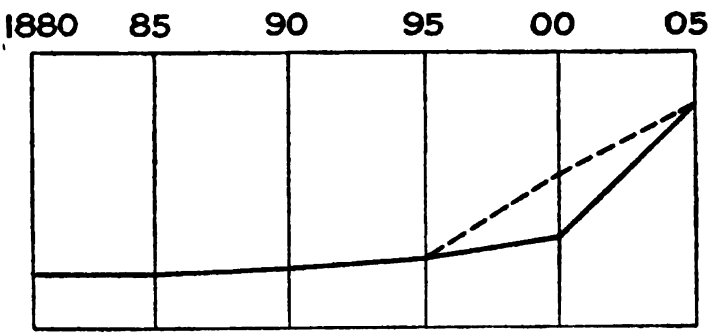
	1902.		1904.
Total of violent deaths . .	19,355	...	19,399
Total deaths by fire-arms . .	405	...	355
Total murders . . .	181	...	208
Murdered by fire-arms . .	21	...	15
Total cases of manslaughter .	111	...	119
Killed by fire-arms . . .	None	...	6
Total accidental deaths . .	15,796	...	15,727
Accidentally killed by fire-arms .	98	...	103

The Act is not merely remedially inoperative. It is detrimental to the manufacture of British revolvers, to their sale in the United Kingdom, and has increased the expenses of the retailer.

Recent legislation has added greatly to the burden of taxation, particularly in the metropolitan district, where fresh administrative authorities have been brought into being, and the economies of one local corporation have been nullified by the necessity of sharing income to make good the extravagant expenditure of some other district. In considering the burden of taxes and rates saddled upon the seller, we take the case of the retail gun-shop in the West End of London as presenting more clearly the differences between the producer and the middleman in the same English industry. The Crown taxes are the same for both; the manufacturer, the middleman, and the retailer had to bear an income-tax of 1s. 3d. in the pound as against an average of less than 3½d. in the pound during the 1870 decade.

In 1901 the rateable value of London was £39,640,000. In 1906, whilst the population has increased by only

180,000, the rateable value has been put up to £43,450,000; this is an increase of 4 per cent. in population and 9½ per cent. in assessed value of rateable property, so that each penny rate yields £181,157 instead of £156,000. In other words, if the assessments had not been raised or the rateable value increased, instead of a London County Council rate of 1s. 5d. being sufficient now it would have had to be 1s. 8d., whereas in 1901 a rate of 1s. 3d. was enough. Of late years the total debt of London has been increased at the rate of two millions sterling annually; it

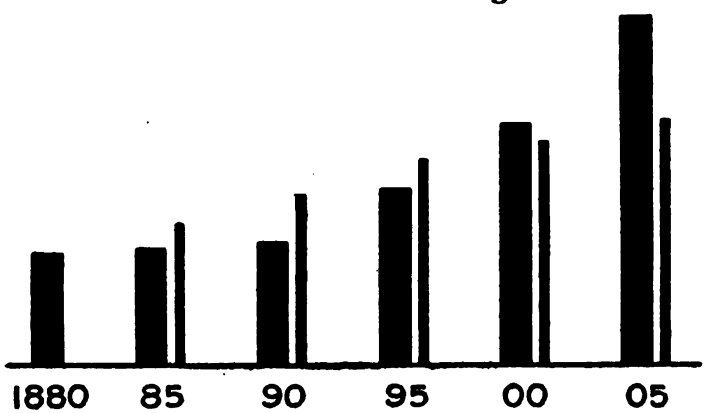


THE RISE IN LONDON RATES

was £39,752,623 in 1903, and is £45,234,197 in 1906. As the income of the London County Council from its rates is only about three millions a year, and its total income less than its total expenditure, it has to borrow in order to balance, and the amount borrowed already exceeds the rateable value of the property from which this revenue is derived. Economically, the London rating authorities are already in much the same position as an owner occupying a house so heavily mortgaged that he pays annually in interest more than the actual rental value of his premises. Unlike the private owner, the London authority cannot allow the mortgagees to

foreclose and accept the property in satisfaction of their claim. It is evident that either rates or assessments, more probably both, will be increased.

The local rates have doubled between 1876 and 1906; the assessments also have been raised. During the period 1880–1906, chosen for examination, the usual leases of twenty-one years will have elapsed, and as the landlords have increased the rents because of the increased rates, so the authorities have increased the assessments in accordance with the greater value of



LONDON (WEST END) AND LONDON COUNTY COUNCIL RATES

the property indicated by its enhanced letting-value. In the term therefore there are probably two reassessments: one towards the end of the lease, because the actual rent is obviously somewhat lower than the present value; the second on the new lease at the increased rent. The sum of these two reassessments is not less than 85 per cent., divisible in any proportion between the old and new leases, the fact being that the value of shops in the best parts of the West End of London has nearly doubled between 1875 and 1906. Such increases have been made actually in the gunmakers' quarter of St. James's.

The shopkeeper in London has not the manufacturer's privilege of buying water by measure; he is instead assessed for the water on the rateable value of his premises, which, if not used as a dwelling-house, pay for water from 3 to 4½ per cent. of the assessment; the sums actually paid in one case are £4. 7s. and £3. 6s. per cent. per annum during different periods of the term, and these rates indicate the purchase of water at more than sixpence a gallon, the quantity actually used being so small. The water rate, being an arbitrary impost, is added to the local rates for the purpose of illustration.

In the diagram the line indicates the poundage per £100 of the assessed value at different periods, showing in the upper line of the terminal loop the effect of the earlier increase in the assessment, and in the lower line of the loop the result if the reassessment has been deferred until the present century.

The actual local rates are shown in the perpendicular lines, the thicker pillars indicating the number in pence per pound of all local rates (excluding water rate) and the thin line the special County Council rate for each year in farthings in the pound.

The actual total rates paid for each £100 of the assessed rental value in 1880 are:—

	£	s.	d.
1880	22	9	0
1885	23	17	4
1890	24	5	8
1895	27	17	0
1900	32	2	0
If reassessed .	49	16	8
1905	66	8	0

the sums being due in part to increases in the rates and charges, and in part to an increased valuation of the premises.

If these rates are compared with those of Birmingham —given on page 295—for the same period, it will be seen that although the rates in London have increased to a greater extent and more rapidly than those of Birmingham, the incidence of local taxation still favours the dealer rather than the English manufacturer to the extent of about 5 per cent.

Although the rates are only twice what they were, the retailer's burden has much more than doubled in the term. Probably his rent is nearly double ; where he paid £46 for local rates in 1880 he must now pay £120 ; or, if larger premises (worth £400 in 1880), then £92 in that year and £240 in 1906 ; for the larger his business premises twenty-five years ago, the greater the disparity in the sum of his rates then and now.

The result of this on the fire-arms trade has been disastrous in two separate ways. The gun-dealer has not been able to increase his turnover in proportion to the increase in his establishment expenses, that is, in rates and rent. Consequently he has sought cheaper premises off the main thoroughfares, and relinquished prominent positions in favour of dealers doing a more general trade. The advertisement of position is therefore lost, not only to the particular dealer, but to the whole trade. If, as temperance advocates hold, the number of public-houses suggests to the passer-by that he is in need of alcoholic stimulant, then a gun shop must suggest to townsmen who see it that there is such a sport as shooting—a sport all who see the shop may not be inclined to follow, but the existence of which may escape their notice if attention is not called to it by some such advertisement as the gun shop provides.

In the next place the increased expenses, without a corresponding increase in his sales, force the retailer to look more closely into the cost prices of the goods he

handles. The Birmingham manufacturer is in exactly the same position as the retailer with regard to heavier rents, higher rates, and increased assessments. He cannot reduce prices and continue to sell at a profit. The dealer turns to Liège; he imports, offers, and succeeds in selling a different class of goods, lower in quality, but costing him less, though retailing at current prices. In this way the shopkeeper is able to hold his ground, but the Birmingham manufacturer has no chance of competing against these free imports —save in quality, a point the majority of buyers do not take into consideration.

What is true of London is equally true of the country towns. The cheaper, inferior, Belgian guns are to be found in the ironmongers' shops in almost every country town from Land's End to John o' Groats.

In *Harmsworth's Self-Educator* published in 1906, there is a "cyclopædia of shopkeeping" (p. 3149), with instructions for those who would become dealers in guns and ammunition. The would-be dealer is advised to lay out his capital in purchasing fire-arms in the following proportions: eight Belgian and one American to four English guns; twelve American to two continental and no English air-guns; and country dealers are counselled not to deal in revolvers at all, "because of the restrictions imposed by the Pistols Bill."

The Government, by its recent legislation, for local authorities in general and London in particular, has made these increases in rates, rents, and assessments possible. How far the increase is necessary is at present a matter of conjecture, but we are unable to discover that the increased expenditure in any way aids the manufacturing industry.

Another disaster with which traders in the West End

are threatened is the equalisation of London rates. No surer method than this could be suggested for eliminating healthy rivalry between local authorities, no better way to destroy what remains of economical administration in local affairs. Each authority will attempt to spend locally the equivalent of its contribution to the general rate; perhaps more, because then the expenditure in excess will be contributed in part from other localities, and the spendthrifts will receive from the equalisation fund instead of contributing thereto. All will plump for the policy of West Ham.

But why confine equality of rating to the London boroughs? Why not equalise rates all over the country—make those of Andover equal those of Yarmouth, fix London rates at the Birmingham figure, or the mean of Norwich, if that be the highest-rated town in the kingdom? This principle of levelling will prevent most effectually any competitive rivalry between localities, and will tend to standardise the current wage throughout the country. Then equalise assessments, rob every locality of whatever advantage it may possess owing to geographical position and propinquity to mineral deposits. This will tend to equalise prices, so that as much can then be charged for an African musket as is now for the most expensively produced gun made in London, and this is likely to happen when municipalities manufacture weapons as they do gas; even now they seem to vie with each other as to which town can produce the worst!

Why is so much money required for local purposes, if, as the Board of Trade statistics indicate, the cost of everything has markedly decreased? If food-stuffs are so much cheaper, why does it cost so much more per head to maintain the indoor pauper?

Comparing 1885 with 1902, the return shows:—

	1885.	1902.
Amount spent on poor relief	£10,236,181 ...	£16,018,126
Cost per head of population .	5s. 8¼d. ...	7s. 7½d.
Number relieved . . .	982,905 ...	1,024,582
Number relieved per 10,000 of pop.	273 ...	244

So that though the percentage of population relieved has substantially diminished, the cost per head of population has greatly increased, and so has the amount of money spent, being, apparently, a little more than £10 per head in 1885, and a little less than £16 per head in 1902.

The Board of Trade statistics (Vol. I, p. 216) show that during this same term the cost of living in the United Kingdom has decreased about 45 per cent. The cost of maintaining the pauper, however, has increased about 55 per cent. If the British workman has been able during recent years to make 100 shillings go as far in purchasing food as 140 shillings would have gone about twenty years ago, how is it that it costs the United Kingdom more to support (*a*) its paupers; (*b*) its sailors; (*c*) its soldiers?

Those interested will find in *Whitaker's Almanack* a table giving particulars of the cost of maintaining indoor paupers, pauper lunatics, and expenditure in outdoor relief during the past forty years, and may note that the decrease in the price of food-stuffs does not lessen the cost of maintenance. They may also ascertain from the Blue Book[1] that the years in which the cost of food fell the numbers seeking indoor and outdoor relief increased; that the years in which there was a slight rise in the prices of the necessaries of life the numbers, indoor and outdoor, decreased. From these figures we apprehend (*a*) that cheap food is not an indication of national prosperity, but is

[1] Cd. 1761, 1903, pp. 215 *et. seq.*

indeed an indication of increased pauperism; and (*b*) that cheap food-stuffs do not lessen the cost of maintaining paupers, soldiers, and sailors to the tax and rate payer, or if they do so, the actual payments of the rate and tax payers increase, the diminution in the cost of living notwithstanding.

Care must be taken not to confuse cause with effect. Assuming that prices fell appreciably, as the Board of Trade statistics indicate, the actual cost of food for paupers, soldiers, etc., must have been less, but, as the detailed figures show, the actual cost of feeding and clothing is a small fraction of the total cost. Probably the cost of administration is two-thirds of the amount raised, which proportion is not lessened by prices falling, but tends to increase, whether prices rise or fall. Again, although there are more paupers when food is cheap and fewer in the year prices are high, the increase of paupers is not due to the cheapening of food; the prices are merely an indication of the relative degree of prosperity prevailing at different periods. When people have work and earn wages they spend money and increase both the demand and consumption, so that prices rise. When work is slack there is less money available for the purchase of mere necessaries, so the prices of them fall. There are twelve million people living on the verge of starvation in the United Kingdom, and when they earn sufficient to enable them to buy enough to eat, their purchases affect the prices of the more necessary foods.

The vital point to be remembered is that the number of paupers is not necessarily lessened by the prices of prime necessaries being lower. Another point which must not be overlooked is that although 100 shillings may purchase as much wheat in one year now as 140 shillings did years ago, the working man's cost of

living has increased in other ways during the term—perhaps increased quite as much as the cost of maintaining paupers has increased, and partly from the same cause. Anyway, as the pauper is not any better off because his food-stuffs cost the ratepayer less now than they did ten years ago, so the working man is not any better off because the prices of certain necessaries are lower than they were, so long as his cost of living is increased in other ways. He is worse off if, with this change, though he is remunerated at a higher rate, work is scarce now instead of employment being regular from boyhood right through to old age.

Before the fall in the cost of living and the imposition of the Employers' Liability Act, etc., a good mechanic or artisan was not considered to be "too old" at forty, fifty, or even sixty. Perhaps a steady working man earned more in his life when the wages standard was a pound a week than now when the wages standard is thirty shillings, to earn which a man must be in his prime. From the age of ten to fifteen one cannot earn anything now, though infants are made to work quite as hard to earn a Government grant for the school or local rating authority as they used to work in brick-yards to earn a few shillings for their parents. Also there is only fitful employment for the labourer after he is fifty years of age. The father used to be able to maintain himself and the mother right on into a green old age; now the "old" folk have to be maintained by the sons who are in the prime of life and earning the higher standard wage. It is a change, not necessarily an improvement of conditions for either the workers or those considered to be too old to work; and as the employers have to pay higher wages, notwithstanding the supposed reduction in the cost of living, their prime cost of production has increased. In short,

though the prices of certain commodities are lower, the total cost of living is not less, for legislation has added to the cost of living of artisan, employer, merchant, and retailer just as it has added to the total cost of maintaining the British pauper. Nor is this cost of living lessened by asserting that it is not the cost, but the standard of living, which has advanced.

As will be shown in chapter XI., prices in the United States were also at their lowest in 1897, having decreased rapidly and steadily from the date of imposing the higher duties of the McKinley tariff. But it is incredible that an increase of duty should cheapen the prices of commodities within the protected area. Retail prices, as we have stated several times already, are determined by the prices the consumer will pay or can afford; not, as some believe, determined always by the cost of production plus the producer's and distributor's fair profit.

Nor can the fall of prices be attributed to the gold production, for between 1890 and 1897, the period of the sharpest decline in prices, the annual production in the British Empire had doubled. In 1887 it was £5,377,000; in 1897, £25,837,000; in other countries the production rose from £15,388,000 to £23,223,000, or altogether from £21,675,000 to £49,061,000 per annum; yet in the interval prices fell more than 40 per cent.! And the same result followed the increased gold production in the United States; so the tendency of increased gold production to increase prices, if it exists, must be much less potent than the ability of some other factor to reduce them.

CHAPTER VIII

HOME LEGISLATION AFFECTING THE EXPORT OF BRITISH MANUFACTURES

THE prosperity of the fire-arms industry at all producing centres depends upon a continuance, if not upon an increase, of its exports to foreign countries; and this international trade is fostered most particularly by wise legislation. Commerce between any two countries, or any one country and a group, may be made or marred by treaty, but is more usually destroyed than created by legislative interference.

The fire-arms industry, and more particularly that branch of it concerned with the production of weapons of war, has always been viewed with distrust by European Governments. America has allowed her manufacturers greater freedom—a liberty which has not been used to disturb the comity of nations. Belgium suffered and benefited in turn by wars; its fire-arms industry was often hampered by prohibitive restrictions imposed by the rulers of the Liège province, as when Napoleon forbade the manufacture of muskets save as required for his own troops and those of his allies. The industry of Liège never prospered so greatly as it has done under the present regime, by which the independence of Belgium is guaranteed by Great Britain. By treaty also the products of Belgian industry enjoy the same privileges as English throughout the British Empire, with the exception of Canada, New Zealand,

and South Africa, which colonies have recently differentiated between British and foreign manufactures imported. This advantage to British manufactures was not wrought by the British Government, but by the colonists; and the slight disadvantage they impose upon Belgian fire-arms entering the colony is quite different in its incidence from a restriction emanating from an authority within the country of production.

The fire-arms manufacturers of Belgium and the United States have greater liberty than is accorded to their English competitors.

In the first place, the English manufacturer has the Foreign Enlistment Act operating to his disadvantage. This measure resulted from a treaty made with Spain in 1814, in which there was an article stipulating that England should give no assistance by arms or ammunition, or in any other way, to the revolted Spanish colonies. The South American States thereupon resorted to other countries for supplies, but the Spanish Ambassador at St. James's was not satisfied. He remonstrated, and in 1819 this Act was passed, and from that time has operated very injuriously against British manufacturers and shipowners. It was intended to be a temporary measure, but in an amended form still remains on the statute book, a hindrance to legitimate trade and progressive industry.

In the next place, the British Government by an Order in Council can, and does, prohibit the export of arms and military stores. It exercised this right in 1825 by seizing some muskets on a vessel in the Thames bound for Greece, and has done so many times since. Additional facilities for enforcing the Order were secured in the Customs Act of 1879. Apparently these were insufficient; in 1900 the Exportation of Arms Act was passed. This Act places the English industry com-

pletely at the mercy of the Government of the day. It was immediately enforced, being followed, August 7, 1900, by a proclamation prohibiting the exportation of arms and ammunition to China "from and after" that date.

We question neither the right nor the wisdom of any Government providing itself with powers to prohibit the export of arms; but we do question the expediency of exercising that right unless the Governments of other fire-arms-producing countries first agree upon common action to enforce the prohibition generally. This was apparent soon after the Foreign Enlistment Act was enforced.

> If our Government could prevent the supply, then there might be some appearance of reason, or, at least, the motives of our Government would be more clearly and distinctly understood. But when we see the enlightened Government of France, or the despotic Government of Austria, place no obstacle to prevent foreign powers from having vessels equipped in their ports, we confess we are at a loss to understand from what motives our Government acts in preventing our manufacturers and shipowners from fitting out in our ports vessels for any power which may choose to purchase them. (King, *op. cit.*, p. 101.)

The Act, or Order, fails to achieve its object, providing that its object be to prevent the foreign Government or country securing a supply of arms, and if its object be to retain the friendship of some foreign country, power, or political party. It is as often as not a mistaken policy to purchase political amity at the expense of your own nationals, more particularly when by so doing you offend some other power. The continued friendship of Spain was a poor recompense for the hatred of Greater Spain. The injury wrought to our trade is thus expressed by King:—

THE EXPORT OF BRITISH MANUFACTURES

Notwithstanding the preference which has, at all times, been shown for arms of British manufacture, by every nation on the globe, yet, after driving them from our markets, and forcing them to become purchasers from the continental manufacturers, it cannot be expected that foreign powers will, at our beck, come back to our markets for their stores. It is indeed well known after a connection of this kind is once formed, how difficult it is to bring back a trade which has been forced from us. So that our Government, by this measure, has in a great degree deprived us of this branch of our manufacture. (King, *op. cit.*, p. 102.)

So far as the general policy of countries can be judged from specific acts, that of England appears to be the opposite of that of other producing countries. England attempts to prevent Afghanistan and China from importing English arms. Arms factories are started at Cabul and Foo-chow—both Afghanistan and China become independent of supplies from foreign countries; the benefit of this independence to the British Empire is not so conspicuous as is the loss to the English fire-arms industry. On the other hand, France insists upon Russia purchasing arms in France; Germany fights diplomatically for the privilege of arming Turkey; and Austria threatens direful reprisals if Servia goes to any other country than Austria for its arms—and in each case the insistence is due to the benefits which will accrue to France, Germany, and Austria, by reason, first, of the immediate benefit to the fire-arms manufacturers; and, second, to the ulterior benefit accruing to those countries possessing additional means for an increased production of fire-arms.

We believe the continental policy to be correct, and the British policy due to mistaken conceptions of expediency. To every great power it is all-important that a fire-arms-producing industry should flourish

within its territory, and it should therefore be fostered unceasingly. If by any chance the Liège province of Belgium became a part of the German Empire, then Germany and the United States of America would not only divide the fire-arms trade of the world between them, but those two powers alone would be in a position to produce weapons of war to an illimitable extent during a long-continued war. It must not be forgotten that Great Britain is becoming increasingly dependent upon continental supplies of the munitions of war, more dependent than at any period since the Napoleonic wars, and the observations of S. King are as applicable now as when published (1829).

> These restrictions against Foreign States obtaining their supplies of warlike stores from this country have an appearance of unfairness, if not of ingratitude, on the part of our Government, when we have shown that twice during the late war, viz. in 1793 and 1804, our own Government was under the necessity of having recourse to the same means of obtaining arms for the service of our armies.
>
> If our Government, by placing obstacles in the way of Foreign States obtaining their supplies of warlike stores from this country, should compel our manufacturers to withdraw their capital from this branch of the trade, and to invest it in some one more settled and certain, then, at some future period this country may be again at war and under the necessity of having recourse to Foreign States for the supplies of arms for our own use; when, from circumstances, the countries from which we formerly obtained them may be unable or unwilling to supply us. (*Op. cit.*, p. 106.)

The Acts and Orders restricting and prohibiting the exportation of fire-arms have militated enormously against the growth of the military trade in England, and have resulted in many orders which would have been executed in this country being sent to the greatest competitors of the British industry on the Continent.

The action of the law is not confined to military weapons. As in the case of the prohibition against exports to China, no fine distinctions are made between military weapons and sporting shot-guns; all products of the industry are banned; railways will not carry them, and they may not be placed on shipboard. Consequently, those who need sporting weapons for their own use go to some country in which restrictions and prohibitions do not exist, or are not enforced. This type of legislation has been as good as an export bounty to foreign manufacturers of fire-arms, and has increased the outputs of Belgian, French, German, and American competitors to an even greater extent than it has diminished the productiveness of the English industry.

Thus, in 1905, money was subscribed in England to purchase arms for the revolutionary party in Russia. The arms were bought abroad, chiefly in Belgium and Germany, and were of Belgian and German manufacture. Some of these were shipped to England for transhipment to Russia. England therefore had not the profit which would have resulted had the arms been made in this country; but the onus of the traffic in these arms the importation of which was forbidden by Russia, was not avoided, and the unfriendliness of the act from the Russian official standpoint was not less because the arms clandestinely imported were of foreign and not of British origin. In this way British legislation ensures a loss whether the toss results in heads or tails.

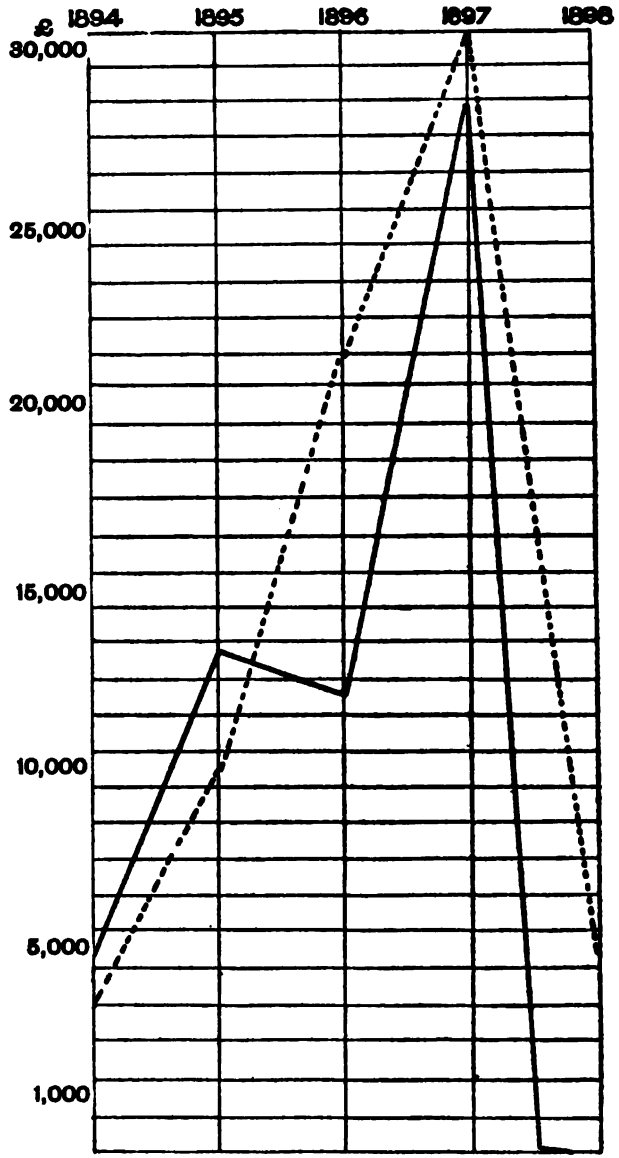
Our legislation has brought the trade to this pass: fire-arms shipped to certain countries may be confiscated, and the owners and shippers fined, if British subjects, but if the property of foreigners the goods are exempt from seizure.

The prevailing conditions are due to the precedent created by what is known as the Persian Gulf Seizures in 1898. Some arms and ammunition consigned to Persian Gulf ports were shipped from London in November, 1897, upon the British s.s. *Baluchistan*, which was stopped off Muscat by H.M.S. *Lapwing* at dawn on January 24, 1898, when the arms and ammunition on board the *Baluchistan* were seized by the officers of the *Lapwing*, landed at Muscat, and confiscated; but a portion of these goods so seized were subsequently released because they were owned by German subjects.

The story of this seizure—an interruption to trade which has proved disastrous to the fire-arms industry of England—may be told at length, since there is no series of facts which serves so well to illustrate the relations existing between the State and a group of producers. It constitutes a complete *exposé* of British Government methods, revealing specific action intended to thwart the best endeavours of manufacturers to add to the wealth of their country by increasing the export of the products of their industry. Incidentally it discloses the absolute lack of knowledge of trade matters by a Government department, and the supreme indifference of British officialdom to the welfare of English manufacturers and their helpless workpeople. It includes facts which of themselves are more convincing than the arguments and sophistries of statesmen, and as a revelation of modern British policy it remains unparalleled in State records.

From a statement issued by the manufacturers in the industries injured, it appears that the exports of arms and ammunition from Birmingham to the Persian Gulf ports began about 1880, when the local industry was in sore need of new markets. At the date of the seizure

PERSIAN GULF TRADE



Persian (thick line) and Arabian (dotted line) import from the United Kingdom stopped by H.M.S "Lapwing'

more than a dozen firms were engaged regularly in the trade, but during the early years the amount of business done was of trifling volume. Little by little the trade was built up; confidence between native buyers, merchants, shippers, and manufacturers was established, and then the transactions assumed important proportions. In 1894 the business done amounted to nearly £40,000; in 1895, to £60,000; in 1897 not fewer than 29,892 barrels for the Persian Gulf trade were proved at Birmingham, and it is estimated that the trade in arms and ammunition that year would have reached £105,000—that volume of trade was lost to Birmingham by the seizures.

The trade was carried on quite openly, and with the knowledge of Her Majesty's Government. Nevertheless, a general prohibition against the importation of arms into Persia had been issued at Teheran, July 3, 1881. The notification of the prohibition by the Persian Minister for Foreign Affairs to R. S. Thompson, Esq., at Teheran, states that "since the right of purchasing arms and munitions of war abroad and introducing the same into Persia belongs to the Persian Government, *who exercise it through their own specially appointed officials*, therefore H.M. the Shah has issued orders that no one shall import arms of any description whatsoever into this country from abroad." In short, this so-called prohibition amounted to a claim on the part of the Persian Government to a monopoly of the trade in arms, or, in other words, that no such goods could be sold on Persian territory unless the owners had paid arbitrary imposts to the farmers of the imperial taxes. According to British consular reports, the farmer of the dues at Bushire paid the Shah a continually increasing amount in proportion to each year's increase in the arms trade. The same sort of prohibi-

tion and monopoly existed in regard to the importation of wheat and certain other commodities into Persia, and the trade was continued with the knowledge of the Persian and British Governments without let or hindrance for upwards of fifteen years. The British consular reports from 1881 to 1891 give statistics of the trade in fire-arms, but in not one of them is any mention made of a prohibition existing against their importation.

The Consular Report for the year 1895 contains the following passage:—

> Arms and Ammunition. Theoretically this trade is prohibited by the Persian Government, but like similar prohibitions in Persia, this practically only substitutes an arbitrary impost for a fixed duty; and the large increases in the values shown are mainly due to higher valuation caused by the raising of this impost by the local authorities.

In the year 1895 some guns intended for the Arabian port of Muscat were landed at the Persian port of Bushire for transhipment, and an attempt was made by the Persian port authorities to subject these goods to the import dues imposed at Bushire; but the owners, through the intervention of Sir Mortimer Durand, British Minister at Teheran, obtained the release of the goods, which were sent on to Muscat.

On December 7, 1897, the British Vice-Consul at Bushire, without notice, seized fire-arms and ammunition belonging to British subjects, and on December 11 they were confiscated to the Persian Government, which prior to the seizure had collected the import duty upon these goods. Then followed the seizure of the fire-arms and ammunition on board the *Baluchistan* at Muscat, which is a free port off the south-east coast of Arabia, and in no way under the sway of the Shah of Persia.

Litigation followed this seizure, and the bare facts of the case are lucidly enumerated in the judgment pronounced by Mr. Justice Bigham, in the cause of Fracis, Times, & Co. *v.* The Sea Insurance Co., Ltd., as follows :—

MR. JUSTICE BIGHAM.—This was an action brought by the plaintiffs, who are merchants carrying on business in London and at Bushire in Persia and at Muscat, against the defendants, who are underwriters, on two policies of marine insurance to recover a total loss caused by a capture at sea of the goods insured. The policies were dated respectively November 29, 1897, and December 6, 1897. The first policy was described to be on four cases of cartridges, valued at £125, per steamer *Baluchistan*, London to Bahrein and (or) other Persian Gulf ports ; and the second policy on one case rifles and one case cartridges, valued at £200, by the same vessel to Bunder Abbas and (or) other Persian Gulf ports. The bills of lading for the goods mentioned in the first policy described the goods as shipped for "Bahrein, via Bushire, Muscat optional." The bills of lading for the second parcel described the goods simply as shipped for Bunder Abbas. Bahrein is an island on the west coast of the Persian Gulf, and Muscat is a port on the Gulf of Oman, neither of the places being in Persian territory. Bushire and Bunder Abbas are ports in the Persian Gulf, and are both in Persian territory. The *Baluchistan* sailed from London about November 26, 1897, and on January 26, 1898, when off Muscat, she was intercepted by Her Majesty's ship *Lapwing*, purporting to act *on behalf of the Government of the Shah of Persia*, and the goods in question were seized and confiscated. The alleged ground of the confiscation was that the goods were intended for importation into Persian territory, and that the importation of arms and ammunition was forbidden by the Persian law. The plaintiffs thereupon made a claim against the defendants as for a total loss. The defendants objected to pay on two grounds. First, they said that the plaintiffs had, when effecting the insurance, concealed a fact material to the estimation of the risk—viz. that the importation of arms was forbidden by Persian law; and, secondly, they said that the adventure was illegal, as being in contravention of what they

called the law of nations. Dealing first with the question of concealment, the evidence before me was to the effect that as long ago as July 1, 1881, the Persian Government had issued a decree that no arms or ammunition should enter Persian territory without the leave and permission of the Government, and that if any such goods arrived at Bushire they were to be detained and the fact was to be reported to the authorities at Teheran. A copy of the decree was put in evidence. At the same time directions seem to have been given to the Customs officials at Bushire to bring this decree to the notice of merchants and traders, so that they might be warned, and steps seem to have been taken in this direction, although in point of fact the decree appears never to have been brought to the notice of the plaintiffs. The prohibition is said to have been reiterated by the Shah on more than one occasion, and its existence is alleged to have been universally known (see Sir Thomas Sanderson's letter of May 13, 1898, addressed to Messrs. Walton & Co.). I do not, however, find that any attempt to enforce it was ever made, except possibly on one occasion. In the year 1895 a parcel of arms shipped from England for Muscat by the steamer *Zulu* was landed at Bushire. The Customs officials there detained the goods on the plea (so said the English shipowners in their letter of January 21, 1896) "that the heavy duty on arms and ammunition imported into Persia must be paid." The owners of the goods objected to pay on the ground that the goods were not intended for Persia, and were merely landed at Bushire in transit for Muscat. Both the Persian authorities and Sir Mortimer Durand, our representative at Teheran, seem to have suspected the truth of this assertion; but ultimately the goods were released and forwarded to Muscat. In my opinion, the real dispute between the owners of the goods and the Persian Customs on that occasion (as evidenced by the correspondence and the account of the matter given to me by Mr. Dixon) was as to whether the former should pay the arbitrary and heavy duty which the latter sought to exact, the goods owners saying that they ought to pay nothing because the goods were merely in transit, the Customs authorities saying that full duty ought to be paid because the goods were in fact landed in Persian territory, and were, as they suggested, not going to Muscat at all. The incident has, in my view, little or nothing to do

with the case now before me, and I only refer to it because it was relied upon by the defendants at the hearing as supporting their contention that the prohibition was effective and notorious. That there was in fact a qualified prohibition against the importation of arms and ammunition is clear, but I think it is necessary to inquire whether it was really operative. Now, the plaintiffs tell me (and I am satisfied that they are telling me the truth) that for many years past, indeed, since 1884, they have been regularly engaged in the importation of arms into Bushire. They at first imported the goods in execution of the orders of buyers in Persia, but later on they imported the goods for sale on their own account. The trade was conducted during all these years quite openly. The goods were described in the bills of lading and ship's manifests as arms, and they were so entered at the Customs, both in England and in Persia. After importation they were placed in the plaintiffs' go-down in Bushire and there publicly sold. Other firms at Bushire carried on similar trade in the same way. I think it probable that the plaintiffs knew that there was something in the nature of a prohibition against the trade, but I am quite satisfied that they believed it to be a dead letter, and that they had never heard of any attempt to enforce it, or of any complaint by the Persian Government that it was being disregarded. If the so-called prohibition was effective for any purpose at all, it was merely for the purpose of enabling the representative of the Shah at Bushire, who apparently farms his office from the Government, to levy heavy and arbitrary duties on the goods imported. This representative is an official who has the very largest powers; he is no doubt frequently changed, but while holding his office he can do practically what he pleases. The plaintiffs told me that the duties were fixed and levied by these officials, who were well aware of the nature of the trade, and who, so far from objecting to it, complained that there was not enough of it. All this is borne out by Major Meade, our political resident in the Persian Gulf. In his trade report addressed to the Government of India for the year 1896–7, at page 5, he says:—

"*Arms and Ammunition.*—This trade was found to be so flourishing last year, and the sums obtained by the local authorities for conniving at it were so considerable, that the central Government considered that there was room for

another partner in it, and a special official was appointed from Teheran nominally to enforce the prohibition against the import of arms; but as the official in question paid for his post in the usual fashion, it is certain that neither he nor the Government had any intention of really carrying out the orders. In spite of this new tap on the profits, the trade shows an increase of ten lakhs, and, I believe, forward shippings are satisfactory for all those who share in this nominally illicit trade."

This, in my opinion, is a frank, honest, and accurate account of the position. There was no real prohibition at all; nor did any one engaged in the trade imagine, certainly the plaintiffs did not, that there was the least danger of interference so long as the duties were forthcoming in answer to the demands of the Government officials. If further evidence on this point were wanted it is found in the report of our Consul-General, Mr. Fred A. Wilson, for the year 1895 on trade at Bushire. What then did the plaintiffs know and believe at the time they took out the policies sued on? They knew probably that there was a nominal prohibition against the importation of arms. They knew, as the fact was, that it was never acted upon; they had never heard of any attempt to enforce it; they knew that so long as the duties (which no doubt were arbitrary and variable) were paid there was no prospect at all of interference, and they knew that the trade was open and notorious. They dealt with the defendants with perfect honesty. They did not suggest that the clause in the policies warranting the goods free of capture should be struck out. This was done on the initiative of the defendants themselves, following what appears to be the ordinary practice on an insurance of goods, so that the defendants by their own act became liable for a loss by capture. It was, indeed, suggested in the course of the case that the shipment with an option to land the goods at Muscat pointed to some fear in the minds of the plaintiffs that there might be a danger of the goods being interfered with at Bushire. I am, however, quite satisfied that the only object in obtaining from the shipowner the option to land the goods at Muscat was to enable the plaintiffs to avail themselves of either market, Muscat or Bushire, whichever might be most advantageous. It had no reference to possible difficulties at Bushire, no such difficulties being, in my opinion, anticipated

by the plaintiffs. Now, in these circumstances, were the plaintiffs guilty of any omission such as would invalidate their insurance? Their duty to the underwriters was not only to be honest and straightforward (which I am satisfied they were), but to disclose to them all the facts in their knowledge which could reasonably affect the judgment of the underwriters in estimating the risk; however honest the plaintiffs may have been, if they failed in this duty they must lose the benefit of their insurance. The question thus resolves itself into one of pure fact. Were the circumstances as known to the plaintiffs material in estimating the risk? I am of opinion they were not. I have to exercise my knowledge of business, and I am quite satisfied that if the plaintiffs had told to the defendants all that they knew about this trade it would not have affected the judgment of the underwriters in estimating the risk at all. I do not forget that an underwriter was called to tell me that, in his opinion, the existence of an obsolete prohibition would affect the risk; nor do I forget that there were other underwriters in court ready to say the same thing. They speak after the event. *For my own part I doubt whether the "Lapwing" acted on the initiative of the Persian Government at all.* A copy of *The Times* of December 16, 1897, containing a telegram from that newspaper's correspondent, dated Teheran, December 15, 1897, was put in evidence, in which a seizure of arms which had just been made at Bushire was attributed to the *vigorous action of the British and Persian authorities.* I think the telegram would have been more accurate if it had attributed the seizure to the vigorous action of the British authorities alone. (See the letter of the plaintiffs' Bushire house, dated December 18, 1897.) No doubt it was at this time suspected (probably wrongly) that these arms were destined for the Afghanistan frontier, where the native tribes were giving trouble to the Indian Government, and I cannot help thinking that the action of the Persian Government in December, 1897, and also on the occasion in question in this action, when the services of the *Lapwing* were requisitioned, was really due, not to the prohibition which existed against the importation of arms, but *to some representations of the British Government* made to the Shah. Whether I am right or wrong in this conjecture is, however, of little or no importance. It is sufficient for me

to say that, in my view of the facts, there was nothing in the knowledge of the plaintiffs which could reasonably have affected the calculation of the risk, and which they failed to disclose to the defendants. As for the second point taken by the defendants, viz. that the adventure was illegal because the import of arms was contrary to the law of Persia, and that, therefore, the policy in respect of it was void, I am of opinion that there is nothing in it. The *import of arms was not illegal* according to the law of Persia, as that law was administered in practice and enjoined; and the export of arms from England to Persia was certainly not contrary to our law.

Judgment for the plaintiffs.

Mr. Justice Bigham's judgment was upheld in the Court of Appeal, and the parties settled.

In the meantime the fire-arms manufacturers sought to discover why the market had been closed to the products of their industry. On February 21, 1898, in the House of Commons, Mr. Dillon requested that Mr. Curzon (now Lord Curzon of Kedleston) would state on what grounds the trade had been interfered with. Mr. Curzon replied that the year previous the Sultan of Muscat had represented to the Indian Government the trouble occasioned to him by the increasing importation of arms into Muscat; in the same year the Persian Government mentioned the great danger arising from the arming of tribes in the south of Persia, notwithstanding the prohibition of the trade. He stated further that the Government, "after making inquiry into the manner in which the trade was being conducted, determined to assist the Persian Government in putting a stop to this illicit traffic in arms, which affects territories and tribes under British as well as under Persian influence, and which has already proved to be injurious to British interests." Mr. Dillon asked whether Mr. Curzon had any reason to believe that the

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arms had reached the frontier tribes, to which Mr. Curzon answered that "such was the opinion of high officials on the spot, but he had not yet seen the evidence on which the opinion was based."[1]

These answers being unsatisfactory, a deputation of Birmingham gunmakers attended Mr. Curzon at the Foreign Office on June 9, 1898, but, "to their great surprise, they received no kind of satisfaction. Mr. Curzon persisted in describing the trade as illicit." Further, he stated that the Persian Government found that their authority in their dominions (at no time very strong) was becoming weaker, and that amongst certain tribes it was becoming impossible to enforce the Government's authority, and British co-operation in enforcing the law had been invited. Mr. Curzon had intimated that:—

(*a*) The trade in arms with Persia was illicit.
(*b*) That Persia invited British co-operation to enforce the law.
(*c*) That the Sultan of Muscat was troubled by the increasing importation of arms into Muscat.
(*d*) That high officials had reason to believe that arms shipped to the Persian Gulf reached the Afridis.
(*e*) That they were the cause of the Mekran rising.
(*f*) That they were responsible for a recrudescence of piracy.
(*g*) That they were connected with the murder of Mr. Graves.
(*h*) That other British interests were involved.

In every case in which a direct statement has been made it has been found possible to refute it, for instance:—

[1] If "the high officials on the spot" did really desire to discover whence the frontier tribes derived their rifles and ammunition, experts would have advised them to search nearer home than Birmingham. It is no secret that experts believe they were the product of the Amir's arsenals at Cabul, a point "high officials" might investigate and decide.

(*a*) "It was a trade which the British Government assisted the merchants to carry on," and "was not contrary to the law of Persia as administered and practised, and was certainly not contrary to the law of England." (Mr. Justice Grantham and Mr. Justice Bigham.)

(*b*) "I doubt whether the *Lapwing* acted on the initiative of the Persian Government at all." (Mr. Justice Bigham.)

"What had the British Government to do with helping the Shah to guard the ports of Persia? The British taxpayers, who now found such enormous sums for our army and navy, would be ill-pleased if they knew our ships were being used to police the coasts of a power not known to be better disposed to ourselves than to any other country." (Mr. Justice Grantham.)

(*c*) "Any one wishing to import these goods into Muscat will add to our pleasure, and we shall assist him." (The Sultan of Muscat, in a letter dated March 8, 1898.)

(*d*) "No evidence of the sort had been brought. A packet of cartridges had been put in which they understood came from the India Office, but, for any evidence given about them, they might have been bought in a London shop. The Attorney-General had said that he could not be expected to bring evidence on such a point, but such evidence would have been most material to the defence, and, on the side of the plaintiffs, witnesses had said no such evidence could be obtained." (Mr. Justice Grantham.)

(*e*) "In the Mekran rising the enemy were poorly armed, and had no breech-loaders." (Colonel Mayne.)

(*f*) No evidence has been published of any recrudescence of piracy.

(*g*) Mr. Graves was killed by being stabbed; fire-arms were not used by his murderers.

(*h*) A mere general assertion; which remains unproved. It may be assumed that no British interests involved were nearly so important to the welfare of the empire as were the trade interests ruthlessly sacrificed for them.

There is such complete disparity between the views of the Government and the facts, that it is not surprising that the gunmakers felt that their just claims had been treated with indifference by the Foreign Office. They appealed subsequently to the House of Commons, but without result.

Some additional elucidations of this strange case were produced later, when Messrs. Fracis, Times,& Co. brought an action for damages against the Commander of H.M.S. *Lapwing*.

Sir R. T. Reid (Lord Loreburn), who appeared for the plaintiffs, said "the seizure off the coast of Muscat, whether within or without the territorial waters, had been undertaken by a British warship, and the goods seized were British property, shipped on a British vessel. The Government relied for the legality of their action upon a proclamation, dated January 13, 1898, and a decree of April 15, 1898—which reminded him of the *Arabian Nights* more than anything else—made by the semi-barbarous tribunal of the Sultan of Muscat. By this decree the authorities of the subsidised potentate had found, long subsequent to the seizure by H.M.S. *Lapwing*, that the action taken was justifiable and right. What jurisdiction had the Sultan of Muscat in the matter at all? On what grounds could the Crown now seek to saddle the responsibility for the seizure of British goods—in a British ship—by a British man-of-war—on the instructions of the British Government, upon this British subsidised Sultan? He could not avoid the opinion that the whole matter was founded upon a mistake."

The Attorney-General (Sir Richard Webster, afterwards Lord Alverstone) said that Captain Carr (Commander of the *Lapwing*) acted under the proclamation of the Sultan of Muscat, and when his story was

heard it would be evident that the seizure was justified. But Captain Carr deposed that he had orders to seize the arms from his superior officer, and the Attorney-General objected strongly "in the interests of the public service" to the production of the order.

Mr. Justice Grantham told the jury that "the important point for them to consider was, whether the action taken by the Government was justified, or whether, although the orders given for the seizure of the goods were given by the Government, the seizure was illegal. The case they had to determine was a difficult one, in view of the issue joined by the parties, and of the way in which the case had been fought by the Government. On the one side they were asked to show sympathy with British merchants, but on the other the Attorney-General had told them that this was a case of high policy and that they must be very careful before they found a verdict against the Government. They must put aside these questions of sympathy and high policy, and try the case in the prosaic way in which English justice was administered. The Attorney-General had told them that this was an illegitimate trade, and his lordship was sorry to hear him say that, because if this was so, he had convicted the Government of being engaged in an illegitimate trade. He was surprised, too, to find that the defence for the seizures was that the English traders knew this to be an illegitimate trade because the ship *Zulu* had been seized for carrying it on. The evidence in the *Zulu* case was really the strongest argument in favour of the plaintiffs. In that case the Government had done what every one was proud of, they had helped the traders to resist an unjustifiable claim for duty on goods, and had obtained the release of a consignment upon which an embargo had been placed. And this was the trade the Attorney-

General called illegitimate! Let them consider the consular reports in relation to that. Practically the Consuls advised the English merchants to go on with this trade, because otherwise it would go to foreigners. This was a trade that the Foreign Office had advisedly assisted, in the interests of England, by using their influence in the *Zulu* case to prevent a too heavy tax. Why they changed their policy in a moment without the knowledge of the traders his lordship could not conceive.

"It was exceedingly difficult to understand why the British Government ever had the *Baluchistan* seized at all. They knew what her cargo was, and the shipowners had actually asked them for assistance in keeping the arms out of the Persian Gulf, after the Bushire confiscation had taken place. Why did they not do it? When Captain Carr intercepted the steamer off Muscat he had a copy of her manifest in his possession, and all the shipments had been made in the most open manner. The owners and shippers had no possible means of knowing at that time that Muscat was not an open port, and every reason to suppose it was, yet *a trap was deliberately laid for the Baluchistan*, and her cargo was seized. Why the Government changed their policy he did not know."

The jury in reply to his lordship's questions, brought in eight findings, which, his lordship said, was a verdict for the plaintiffs for the undisputed amount of the value of the goods, but subsequently judgment was entered for the defendant on the ground that the proclamation and subsequent order, or judgment, of the Sultan of Muscat determined against the world the status of the goods seized. His lordship thought "it would have been much more satisfactory to have known why the Government suddenly changed

the whole course of their conduct towards people dealing in arms with Persia and Muscat, and why they obtained the decree, and subsequently the order of the so-called Court of Muscat, under which the goods of the plaintiffs were seized and appropriated. His lordship considered that the proceedings were not contrary to what is called 'natural justice,' or that the judgment at Muscat was contrary to natural justice."

No further information has been vouchsafed by the British Government. By this peremptory action it succeeded in destroying instantly a trade which had resulted from the assiduous cultivation of a difficult market through long years of patient endeavour. It showed that, without notice, it was possible for the British Government to use British men-of-war to help barbaric rulers in enforcing unadvertised proclamations against the goods of British subjects; it demonstrated most effectively that the property of German subjects must not be so molested.

The lesson has been learned. A subsidised line of steamers under the German flag now trades to the Persian Gulf ports. The production of fire-arms in England has declined; the exports from England to Persia fell from 12,000 in 1897 to 16 in 1898; those to Arabia from 18,000 in 1896 to 3000 in 1898; buyers and shippers have learned that arms are safe from the molestation of British men-of-war when they belong to German, or non-British subjects, or are protected by some other flag than the red ensign of Britain.

The Birmingham gunmakers contend that "they have been unfairly and cruelly treated. Their goods have been seized; their trade is stopped; they have large stocks in hand which are comparatively valueless, and hundreds of their workpeople are thrown out of employ—all without notice and without compen-

sation. They had been under the impression that it was one of the duties of the British Government to foster and encourage British trade. They find that their particular trade has been suddenly stopped without notice or justification, and they are advised that the action of the Foreign Office is as illegal as it is arbitrary and unjust."

After seven years of waiting the Birmingham gun-makers are probably satisfied that they have no means of obtaining redress. They have none. They must console themselves with the knowledge that they lost the trade through no fault of their own, and that they may lose other markets in much the same way. There is no help for that. The same misfortune may some day overtake their Belgian and German competitors, but it is very unlikely that it will. Of this they may be assured, their American competitors will never be sacrificed to "natural justice" as they have been—the American Constitution does not allow that.

The British people have the indubitable right to be governed by whomsoever they may elect. If the people who produce the wealth of the country are determined to be governed by people who neither understand nor seem to wish to understand life from the standpoint of the industrial classes, the industrial classes must expect to have their foreign trade and their home trade destroyed by the mismanagement of their elected rulers. These rulers must know that the British Navy is maintained by the blood and sweat of the producers, in order that the coasts of their native land may be safeguarded from the invasions of predatory foes; the elected rulers think the British Navy is intended to be employed in policing the coasts for some barbaric potentate; in deliberately laying traps for merchant vessels, seizing English goods, and compelling some

man of colour to accept them gratis under pain of forfeiting his subsidy.

Through Government interference not only was the trade lost, but production was stayed. The industry was paralysed. The manufacturers saw that where they might not trade German dealers were at liberty to do so without hindrance from the British authorities, and consequently the English manufacturers sought unsuccessfully for other neutral markets, but half-heartedly, being without any assurance that they would be unmolested there, for nominal prohibitions are customary in many countries. The incident revealed to them the unbridgeable gulf which separates the governing class from the producers in Great Britain; they realised the lack of sympathy between those who direct the political affairs of the empire and those engaged in the more arduous task of maintaining its pre-eminence as a producing centre of manufactured goods. No Act of Parliament has wrought greater injury to the fire-arms industry than this sudden, wanton destruction of a perfectly legitimate business, by somebody who neither understood nor attempted to learn the facts of the case before acting as might a Turkish or Russian autocrat in sweeping aside, regardless of consequences, the interests of his fellow-countrymen.

For what purpose this was done no one has yet condescended to set forth. We challenge the authorities to state a sufficient reason!

In succeeding chapters we shall mention other official departmental ratings which have operated against the interests of British manufacturers and to the distinct advantage of their foreign competitors. For instance, there have been arbitrary prohibitions of such rifles as are made in England being introduced into certain British territory, but exceptions made for rifles of

similar type made in Belgium and Germany. Granted that the admission of foreign military weapons was unintentional in some instances, it shows merely the ignorance of those making the prohibition. In South Africa the exclusion of the British ·303 rifle and the legal importation of military Mausers cannot be regarded as unintentional, there being evidently a preference to pass in foreign military arms.

In every case further injury has been caused to the already seriously damaged British industry. The rifles made in England are naturally of the calibre favoured by the War Office for the service weapon; those made in Belgium, Germany, and Austria are of the calibres preferred by the directing authorities of continental armies—all are military rifles, and why it should be deemed expedient to exclude from British territory arms of the standard British size whilst admitting those of foreign size, type, and manufacture is a point of political casuistry we do not attempt to elucidate. We content ourselves with stating that the policy is detrimental to British industry and a premium to foreign manufacturers.

A treaty dated December 13, 1906, prohibits the importation of fire-arms into Abyssinia and Erythræa, *viâ* East Africa, for a period of twelve years. The prohibition is binding upon British, French, and Italians, but will prove ineffectual against other traders.

Generally the British Government policy is quite incomprehensible. Apparently the interests of British manufacturers and British artisans are always the last items to be taken into consideration. For instance, in the early years of this century, when a Conservative Government was in power, it was proposed to negotiate a new commercial treaty with China, by which the import duties on British manufactured goods were to be

doubled in exchange for the abolition of *likin* tolls on the conveyance of commodities within the Chinese Empire. At this time Great Britain exported to China between six and seven million pounds worth of manufactured goods annually, and these it was proposed to allow China to tax to the amount of about £700,000 a year, instead of £300,000. So far as we have been able to discover, the measure was proposed in the interest of the holders of those Chinese loans secured by a charge on the receipts of the Chinese Maritime Customs. The interests of the bond-holders and of British manufacturers are not identical. In this case the bond-holders would have had a very much better security for their investment, for the revenue would have been increased, though the duty were raised from imported raw material instead of foreign wares; but British manufacturers would have been more heavily handicapped than they are at present by the competition of the Chinese factories. Yet the British Government agreed to the proposal, and wished it to become law. It was defeated because other Governments, whose nationals traded with China, refused to be a party to the proposed increase of duty, and the produce of Great Britain continues to be imported on the most favoured nation basis. This is an instance in which the British manufacturer was saved from the consequences of his own Government's fatuity by the action of those countries in which his most strenuous competitors are found, but such an extraneous remedy is not always to be expected. What England needs is a policy dictated by the interests of those producing the wealth of the country; it is the interests of the manufacturers and their workpeople which determine the policy of the industrial countries, the countries in which Great Britain's most able competitors are found and flourish.

CHAPTER IX

INDIAN AND COLONIAL LEGISLATION AFFECTING IMPORTS OF BRITISH GOODS

WHEN Mr. Chamberlain, as Minister for the Colonies, issued his epoch-making dispatch in 1895 to ascertain the extent to which foreign manufactures were displacing British in the colonial markets, it was the fashion to blame the English manufacturer. The answers to that dispatch showed that the English manufacturers were less to blame than the English and colonial traders. Among the general causes to which the increased business done in foreign manufactures was attributed, the most important were :—

(*a*) That the foreign goods are cheaper and of poorer quality than the English goods which they closely imitate.

(*b*) That the foreign goods are more attractively packed.

(*c*) That freights are lower from foreign ports than from the United Kingdom.

The reports state, and it is now generally admitted, that the capacity of the English manufacturer to produce the best-quality goods is unequalled; that his goods are always up to sample in quality, quantity, and weight, whilst those of his foreign competitors often are not; and that the English manufactures are losing markets because :—

(*a*) A great portion of the colonial market is not a market for the best-quality goods, and in proportion as cheap imitations can be put on the market the trade will go to the producers of such imitations. And (*b*) on account of the invasion of British colonies by foreign settlers, the aliens go to the manufacturers in *their* mother country for goods, and foreign houses push the sales of foreign goods, which necessitates the stocking of foreign goods by the British storekeepers competing locally.

In short, cheapness, whether by that is meant low cost of production, reduced freight, or actual retail selling price, is given as the main factor, and it is declared that the ordinary colonists have not the money to afford to purchase good-quality wares, by which is meant those of British manufacture.

Let these contentions be examined from the point of view of the British manufacturer. Is colonial legislation of a kind to cheapen imported goods to the colonial consumer? Does colonial legislation favour British or foreign manufactures?

The inability of the colonist to afford to purchase what he needs must be dismissed. In few, if any, of the British colonies is money more scarce, at any rate amongst the European population, than it is in England. In South Africa bronze money does not circulate at all amongst the "whites"; in Australasia all wages and most salaries are higher than in England; in Canada the cost of living is almost that of the United States, nearly double that of England.

With the exception of one or two unimportant Crown colonies, a duty for protective or for revenue purposes is levied on imports. In the majority of instances this duty is levied *ad valorem*. The principle therefore directly encourages the importation of the very cheapest

goods which can be produced irrespective of quality. This, as already stated, is tantamount to a direct preferential tariff in favour of foreign manufactures.

The relative value of colonial and foreign markets to the fire-arms industry is shown in Table XI; the exports to British possessions abroad being slightly greater than those to foreign countries.

For purposes of comparing special and general legislation affecting the importation of English manufactures and the encouragement given to British trade, the colonies must be grouped. The Australasian, by reason of their distance from Europe, are less influenced by outside legislation; the South African group have special characteristics; whilst the American colonies have their policy modified by the industrial and commercial activity of the United States. Last there are India and Burma, which together with the Crown colonies almost entirely derive their commercial policy from the British legislature.

In a few free ports, such as Gibraltar, Malta, Singapore, and Hong Kong, the manufactures of all nations get equal treatment; in India, Burma, and some of the smaller colonies there are specific duties; but in all the great colonial markets the duty is based on the *ad valorem* tariff, which tariff tends to increase.

There are many special regulations, prohibitions, and exceptions affecting the importation of the products of the fire-arms industry into colonial markets. The best comparison, therefore, is afforded by giving the actual duty payable in 1880 and in 1905 on a double-barrelled shot-gun under 7 lb. weight and of £10 declared value, since this type of weapon is in most general demand and its importation subject to fewest restrictions. The rate of duty current in 1905 is added for purposes of reference.

COLONIAL IMPORT DUTIES ON FIRE-ARMS

Country.	1880. £ s. d.	1905. £ s. d.	Rate.
Victoria[1]	Free	1 0 0	10 % *ad valorem.*
New South Wales	,,	1 0 0	,, ,,
South Australia	1 0 0	1 0 0	,, ,,
Queensland	10 0	1 0 0	,, ,,
Western Australia	—	1 0 0	,, ,,
New Zealand[2]	1 12 6	2 0 0	20 % ,,
Fiji	—	2 0 0	,, ,,
Cape Colony,[3] Natal, etc.	2 0 0	2 10 0	£1. 10s. od. each and 10 % *ad valorem.*
Canada	3 0 0	2 14 0	30 % *ad valorem* with 10 % preference.
Newfoundland	—	3 10 0	35 % *ad valorem*, no preference.
Honduras	—	1 0 0	10 % *ad valorem*, others 12s. 4d. each.
Guiana	—	1 10 0	15 % *ad valorem*, others 4s. 2d. each.
India Burma	3 6 8	3 6 8	Specific; 50 rupees each.
Ceylon	—	13 4	Specific; 10 rupees each.

[1] The Commonwealth of Australia is a Customs Union which includes Victoria, New South Wales, Queensland, South Australia, Northern Territory, Western Australia, and Tasmania, with practically free inter-colonial trade in imported manufactures.

[2] When not of British origin an additional 50 % is added to the duty leviable.

[3] The South African Customs Union includes Cape Colony, Natal, Bechuanaland, Basutoland, Orange River Colony, Transvaal, and South Rhodesia. The duty is 20s. per barrel; 30s. for a double gun or rifle; pistols 5s. each, plus 10 % *ad valorem* in all cases, with 2½ % rebate of duty on British-made goods.

Gold Coast. Duties vary; usually trade guns 2s. or 2s. 6d. each if with flint locks, 10s. each if with caps. Sierra Leone charges 20s. each on others, but more generally the duty on breech-loaders is 10 % *ad valorem.*

West Indies. Duties vary. Trinidad, 5s.; Barbados, 10s.; Virgin Isles, St. Kitts, and Montserrat, 20s. each; Antigua, £1. 6s. 8d. each; Bermuda, 5 %; Grenada, 7½ %; St. Vincent, 10 %; Jamaica, 16⅔ %; Windward Isles, 20 %; and Dominica, 25 % *ad valorem.*

Before the Australian colonies combined into a Commonwealth and Customs Union, New South Wales, levying duties on imports for revenue only, was regarded as the "free-trade" colony, whilst in Victoria and the protected colonies the duties on fire-arms were successively 10, 20, 25, and 30 per cent. *ad valorem;* there was no preference given to goods of British manufacture; guns of Belgian make proved in England, in Liège, or unproved, may be imported, as may unproved fire-arms from the United States. The imports into the Commonwealth during 1903 included military rifles from the United Kingdom worth £16,929; from Germany, £1279; from the United States, £449. The value and origin of the sporting fire-arms were: from the United Kingdom, £15,768; from Belgium, £4272; from Germany, £7744; from the United States, £18,154. The previous year the items were: from the United Kingdom, £26,289; from Belgium, £2252; from Germany, £4902; and from the United States, £16,360; the total of £55,300 being made up of intercolonial shipments. A number of figures showing the importations into the different colonies are given in Tables XII and XV, but it may be said that these show that the trade of the United States and Germany with the Australian colonies is increasing not only in revolvers, but in shot-guns,

sporting and military rifles, whilst the Belgian origin of some of the shipments attributed to Great Britain and Germany is not traceable.

New Zealand, always original in its legislation, now adds 50 per cent. to the 20 per cent. *ad valorem* duty (levied on fire-arms) when the goods are not of British origin.

If the English manufacturer is barely able to hold his own in the markets of Australasia, where at least the conditions are the same for all goods no matter which is the country of their origin, he is less likely to do well in the South African markets, where English fire-arms are severely handicapped.

The specific complaint of the English gunmaker against Cape Colony is that by agreement with the Dutch population these settlers are allowed to import yearly five hundred military rifles of German type and foreign manufacture, whereas English settlers experience great difficulty in obtaining permission to import a military or long-range rifle for their own use in any circumstances whatever. In a sentence, by this political agreement the English manufacturer is vetoed from sending a special sort of article into the market, whilst his foreign competitors are invited to supply the needs of the British subjects with military weapons of foreign type and manufacture. This impediment to trade exists only in one colony, the oldest and presumably most British and loyal of the South African states.

There are many things in South Africa which require amendment, and amongst them are the existing regulations affecting legitimate trade. In the terms of the peace settlement after the great war, it was stipulated that there should be freedom of trade and identical taxation for all. Great Britain did not bargain for preferential treatment, believing that wherever the

British flag flies, there the Briton is always welcome and will be at liberty to trade. That apparently is not the way of South Africa. The colonial policy is Africa for the Afrikanders, and this is construed in a sense unexpected by the people of England. British trade and the Briton are not wanted, at least so much may be judged from the conditions regulating, or hindering, trade between the South African colonies and the mother country, and the payments required of British subjects intending to settle and trade in the British possessions.

There is in the first place the Customs tariff, designed in so far as the importation of fire-arms is concerned to prevent trade in fire-arms with the natives. The specific duty of 20s. each barrel is to make fire-arms few in the colonies. The trade allowed on the West Coast is not permitted in the south, although in the south the disparity in numbers between the blacks and the whites is not so great. In addition there is a 10 per cent. *ad valorem* duty on guns, and on other manufactures there is a tariff equal to about 7½ per cent. on the value of the goods imported, with 2½ per cent. preference in favour of British manufactures. In the neighbouring Portuguese colony at Delagoa Bay, goods imported from Portugal pay only one-tenth of the duty charged upon goods sent from England or any other country. This means that England gives Portugal equal facilities in the South African markets, but allows herself to be at a great disadvantage in the Portuguese markets. It means also that goods from Portugal can be smuggled from Portuguese into British South Africa in preference to goods from England.

In the next place, goods sent through any of the states in the Customs Union for consumption in the

interior of Africa pay a transit duty of 3 per cent. *ad valorem*. This charge is the exact counterpart of that decried Chinese toll termed *likin* which a few years ago British statesmen were anxious to abolish in favour of a double *ad valorem* duty on imports of British manufactures into China. Surely what is bad and harmful to trade in China is equally detrimental to trade in a British sphere of influence or in a British colony!

One of the complaints made against the English manufacturer and merchant is that he will not travel, will not bring goods to the notice of the actual buyers, will not get to know personally the need of his markets. In order to encourage him to do so in the peculiarly British markets of his own colonies, the colonials devised a special tax upon commercial travellers. It was borrowed from the practice of certain southern and western states of America, who sought by this means to get level with the northern and eastern manufacturing states, as the American Constitution did not admit of any one state making a commercial barrier preventing citizens of other states from having access to its markets for themselves or their goods. It was soon abandoned as being against the American Constitution, which affirms equal freedom for all. The principle was next tried by the New Zealand colonists, who are not slow to make a practical experiment of any political innovation, but it was soon abandoned by them also. It is now the dealers' protective line of defence in Canadian municipalities, and throughout the dominions of the Tsar of all the Russias.

It flourishes magnificently throughout British South Africa. In Cape Colony the traveller must take out a licence which costs £25, which is personal, may not be transferred, and no matter when issued, expires on December 31. The Orange River Colony also requires

£25 for a similar licence; Natal is content with £10, so is British Bechuanaland; but the Transvaal must have £20, and the British Chartered Company £25 from those travelling commercially. In all, the Englishman travelling must pay a tax of £125 to the South African Governments for the barren privilege of making the round, showing his samples and soliciting orders for British goods in British South Africa!

In return for this £125 the traveller has the privilege of travelling upon some railways first class for second-class fare by slow train; when on some lines his free allowance of baggage is that of a real first-class passenger and on others that of one having only a second-class ticket.

Apparently the trader is not wanted any more than is the commercial traveller. At any rate, in Rhodesia he is licensed and taxed in a manner which must be repugnant to the average free Briton.

Rhodesia wants settlers—with £500—and encourages immigration by granting assisted passages. It also requires licences to be taken out as follows: by agents of a British firm, £30 a year; for exercising the trade of a baker, £10 a year; of a butcher, £10 a year; for a chemist or druggist, £10 a year; for a general dealer, £10 a year—then for importing goods to sell in the already taxed and licensed store it is necessary to take out another licence to import, which costs £10 a year also; if fire-arms or ammunition are sold, then yet another £10 a year licence must be obtained, and so on, and on, and on. A hawker's licence costs £20, and £20 for every additional vehicle he has; but a professional man's annual licence costs (usually) only £5 instead of the trader's £10.

These facts show that the administration of South Africa is quite un-English in spirit; the regulations

being conceived without any sympathy for British interests, British ideals, or regard for the welfare of the British people in the motherland. In fact, all South Africa seems to be leagued against the British manufacturer, who is nevertheless expected to contend successfully against high tariffs, preferential dealing, preferential freights, taxed commercial travellers, taxed agents, taxed traders, taxed settlers, and imported Chinese coolie labour.

The only encouraging fact is that the Natal Government insists that all arms imported shall bear a recognised Proof Mark. It is not much, but it prevents the American manufacturer from benefiting by the exceptionally low through freights from the United States to Durban.

The commercial traveller's tax has extended from Natal into the neighbouring Portuguese territory of Mozambique, and it has been adopted as a source of revenue by various British colonies, namely, Guiana, Honduras, Columbia, Prince Edward Island, Cyprus, Jamaica, Mauritius, the Seychelles, and Tasmania; but in most of them the tax is of trifling amount compared with that levied by the British South African colonies. The market they present for the products of the fire-arms industry of England does not warrant the manufacturer in incurring them. Indeed, the sport is so poor in many of the places named that the amount of duty levied on guns is of little importance, and the trade is so small and infrequent that the authors do not care to criticise the commercial policy of these British dependencies.

The fire-arms trade of Canada is of great volume, but more than half of the imports are derived from the United States, and this notwithstanding the preferential duty accorded to British manufactures. The causes

of the Canadian market being lost to England are explained in chapter XI.

Turning now from the self-governing colonies to the trade of the United Kingdom with India and Burma, a change in policy may be expected to be evident. Between 1880 and 1905 there has been no change in tariff or duty. The European officials in the country are allowed to import duty free sporting arms, etc., for their own use, and it seems improbable that the competition of the foreign manufacturer will be manifest. It is true that, taking one consideration with another, the English manufacturer has an advantage in the Indian market, but some years ago the Indian Government, misunderstanding the effect of an Order in Council, handicapped the English fire-arms industry very heavily and offered a premium to the foreign gunmaker.

It happened in this way. For obvious reasons the Government of India elects to control the importation of fire-arms into the empire, and for this purpose secured in 1878 the Indian Arms Act. Subsequently, when exercising the powers thereby conferred, it has generally regulated the trade in fire-arms without producing unnecessary friction or disturbing trade interests.

But during the viceroyalty of Lord Curzon the old practice was departed from ; under an Order in Council issued July 15, 1899, the Government succeeded in inflicting a serious loss upon the fire-arm industry of Birmingham, and caused considerable trouble to the gun importers and distributors in India.

The ostensible object of the Order was to prevent the importation of military weapons, particularly of long-range, small-calibre rifles of the British Enfield ·303 type. Rifles of certain calibres, and taking certain

cartridges, were specified and their importation prohibited. Either from insufficient knowledge, or from carelessness, the Order was so drafted as to exclude from the Indian market, not only the English military rifles—the only kinds of military rifles made in England—but also certain rifles of sporting type much manufactured in England for the Indian market, also the ammunition for them.

The incidence of the Order is made clear in the memorial which the Birmingham Gunmakers' Association submitted to the Secretary of State for India :—

Whilst various rifles of British manufacture are excluded under the terms of the Order in Council, other American, Belgian, German, and Austrian military rifles, such as the Mannlicher, Mauser, Remington, Winchester, and other most effective long-range weapons, are admitted, when not sighted beyond 300 yards. It is well known to the Military Authorities that the Mannlicher, Mauser, and other continental rifles are quite as accurate and generally as effective for military purposes as the ·303, and admittedly superior to the ·450 Martini or the ·577 Snider, and yet the importation of these rifles and their ammunition is permitted. They would respectfully submit that the Order in question will not have the effect desired while the door is left so widely open for the admission of foreign military arms which do not come within the definition of the Order. In case the Authorities decide that the Order must stand they would suggest that :—

(*a*) An exception should be made in favour of all double-barrelled sporting rifles.

(*b*) That arms of a military type of foreign manufacture should be included in the Order.

Your memorialists would further most respectfully point out how difficult it is in an Order of this kind to cover the desired ground. For instance, it is perfectly well known to rifle-makers that there are now being imported into India certain rifles nearly ·303 calibre which will not take the Government ·303 ammunition, the chambers being slightly too small. Such arms could be altered by an average native workman with a very simple tool to enable Government

ammunition to be used. The work would probably not take two hours, and the rifle would then be an effective ·303 military weapon.

Your memorialists have attempted to make clear certain practical points . . . and they most respectfully urge :—

(1) That the Order as it stands, in place of dealing uniformly with both British and foreign productions, is *prejudicially affecting an important trade industry of this country*, while leaving the market in India open to foreign competitors.

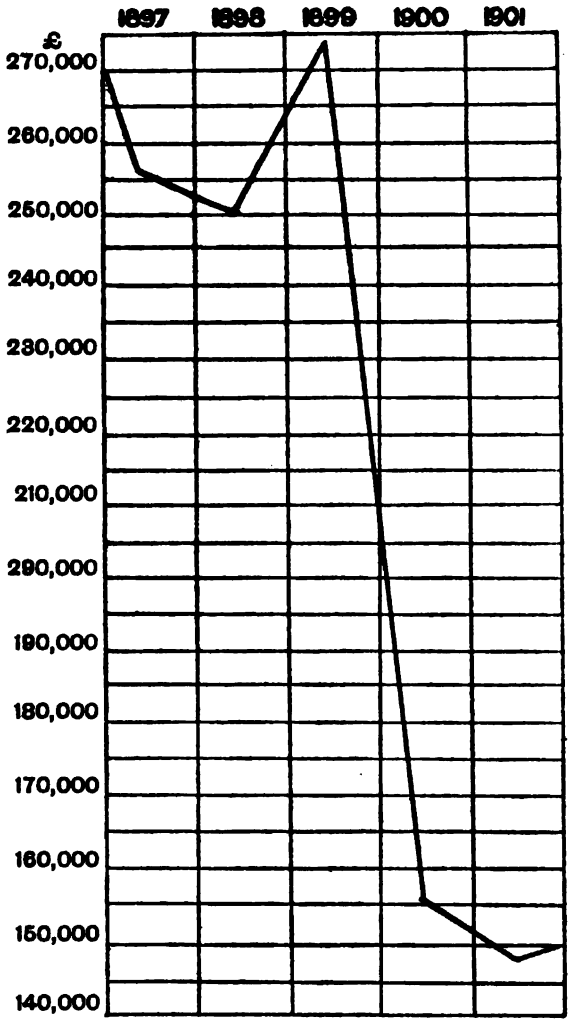
(2) That the Order as it stands will not have the effect which it is understood the Government desires to arrive at.

Comment seems to be superfluous. Here is a Government Order failing to accomplish its purpose as a measure of military protection for India; injuring an important English manufacturing industry; encouraging the foreign competitors of the English manufacturers and artisans by admitting the foreign products to a market from which the competing English manufactures are excluded by administrative Order.

These facts are sufficiently damaging to the reputation of whomsoever was responsible for this Order. They disclose an ignorance of technics which might have led to military disaster; they show how little the governing Council is concerned with the interests of the English manufacturers, how wide is the gulf separating the people who know from the people to whom is entrusted the power to govern the empire.

That one Order crushes all claims of the Council to consideration as an inspired, reflective, sagacious assembly.

In the end the contention of the gunmakers was allowed; their knowledge triumphed over the crude superficialities of the political executive; but before that common justice was rendered the manufacturing



INDIA'S IMPORTS FROM THE UNITED KINGDOM

industry had been most cruelly wronged by the mischief wrought by this Order. How great that damage was may be gauged from the "slump" Chart II, which shows that the imports of arms and ammunition from the United Kingdom, which had reached £277,721 in 1888–9, fell to £158,667 in 1899–1900 and further to £149,330 in 1900–1.

More recently the Indian authorities have extended the prohibition to rifles, sporting as well as military, of any of the regulation calibres. As already stated, the calibres of some British military rifles were taken from those made for sporting purposes by the English gunmakers. These regulation sizes are practically the only calibres some gunmakers have facilities to produce. To prohibit them is tantamount to a big bounty on the military and sporting rifles of foreign make, because these are of other calibres, so can be imported into India. The Indian authorities do not seem to be content with the mischief they have wrought already. Since the passing of the obnoxious Order in Council in 1899, the value of foreign arms imported into British India has trebled (see Table XV). As though this increase were too slow, the authorities now handicap British manufacturers still more heavily. This policy will no doubt be explained as "free trade." It is neither free trade nor fair trade. It is preferential trading; the preference being shown by India to foreign instead of to British manufacturers.

We have shown how the incidence of colonial import duties on fire-arms also handicaps British manufacturers and favours their foreign competitors. We have shown that the imports of foreign-made arms into the British colonies is increasing in consequence of this preference. To the colonial policy, and to this Indian policy of class prohibition, we attribute in part the decay of

the fire-arms industry in England—a decay which is accelerated by new enactments from time to time and stayed by none of British or colonial origin.

We are not concerned with the motives of either the Indian authorities or the colonial legislators, but with the results of their policy. These results are detrimental to the progress of British manufacturing industries. Of that there is no room for the slightest doubt. The Birmingham manufacturers ask for preference—in answer preference is shown to their foreign competitors. That is the exact position. We do not like it. We will go further and say that no protective country would tolerate the position. If the most liberal of them should allow its colonies and dependencies liberty to treat the imports of foreign countries as it treats those from the parent country, it would *not* allow preference to be accorded to the products of the foreigner. The statesmanship of every protective country has advanced beyond that stage. The statesmanship shown in matters of business by the British Empire of late years would not suffice to run even a small huckster's shop at a profit.

CHAPTER X

BRITISH AND FOREIGN TRADE WITH FOREIGN COUNTRIES

AS students of trade statistics are well aware, the exports of the United Kingdom to foreign countries are of larger bulk and greater value than the shipments to British possessions beyond the seas. The reason for this peculiarity of trade many fail to discover, because in the first place they think that sentiment requires the British colonist to trade with the mother country; and in the second, that the foreign buyer in a competing industrial country should prefer the product of the local manufactories. It seems incredible that the English manufacturer should not be better supported by men of his own race, tied to him by allegiance to the same sovereign and by loyalty to the same empire, than by foreigners who have little sympathy for the welfare of the Briton or his industries, and who are actively antagonistic to the policy of his empire.

Why is it that the usually monoglot, often illiterate, and invariably insular English manufacturer is able to sell in foreign markets, when he is unable to do so at home and in the British colonies? How comes it that this quite ordinary man, with an indifferent education, is able to steer his wares through the mazes of Customs and other barriers into well-protected markets, and sell them there at a profit? Does the English manufacturer really understand what is meant by

an *arshin* or a *vedro*, and can he tell the difference between a piastre and a hectolitre? Is not the English inch or the ounce avoirdupois after all enough to stave off the inquiries of the would-be buyer? Why *do* foreigners buy English-made goods?

The questions are soon answered: the English manufacturer understands his craft thoroughly; the foreign user knows that he understands it, whilst the colonial buyer only assumes that the foreign manufacturer is as practical as the Englishman. That is the real reason why English goods continue to be in demand in the foreign markets of the world.

As a matter of principle, the policy of industrial countries is usually hostile to imports of manufactured goods; as a matter of practice, the continental countries regard their Customs duties as a source of revenue rather than prohibitory to foreign trade. Their object is to make the foreign manufacturer contribute to their revenue, and some succeed more or less in accomplishing this object.

The conditions which permit of international trade between rival industrial countries being continued are disclosed in the following table of Continental Import Duties on English manufactures, the example taken being the same as that given on page 189, namely, the double-barrel shot-gun under 7 lb. in weight and of £10 declared value.

The nominal tariff is not infrequently increased by requiring the duties to be paid in gold; by the addition of freight, etc.; by appraising the value at the frontier; by charging the duty on the gross instead of the net weight; and by a complex system of fines for breaches of Customs etiquette in advising and declaring the goods.

The authorities also penalise foreign manufactures by

requiring particulars which the English manufacturer and shipper cannot give; and reports for false declarations in respect of the quantities, qualities, value, etc., of the goods sometimes lead to the confiscation of the whole or a portion of the consignment.

Commercial travellers are taxed; in Russia the licences are very costly, and in some countries the passports, permits to sojourn, permits to leave, and permits to change a place of abode total up to a considerable sum. Some countries, such as France, require a tax from all foreigners or visitors.

FOREIGN IMPORT DUTIES ON FIRE-ARMS

Country.	1880. £ s. d.	1905. £ s. d.	Rate current in 1905.	Average tariff.[1]
Austria.	1 0 0	2 10	£2. 5s. per cwt. . .	35%
Belgium[2]	Free	Free	Import duties = 9% *ad v.*	13%
Bulgaria	—	1 8 0	14% *ad v.*, or £5. 1s. 7d. per cwt. . . .	14%
Denmark	Free	2 6	£1. 17s. 8d. per cwt. .	18%
France.	6 0	1 0 4	Max. £20. 6s. 6d. per cwt.	34%
Germany	2 0	2 0	£1. 10s. 6d. per cwt. .	25%
Greece.	5 0	16 0	Specific: 8s. each barrel	19%
Holland	10 0	10 0	5% *ad valorem* . .	3%
Italy.	5 0	6 6	£32. per hundred guns[3]	28%
Norway	Free	3 8	£2. 16s. 6d. per cwt. .	12%
Portugal	3 6 8	1 2 6	£1. 2s. 6d. each . .	71%
Roumania	—	4 0	£3. 5s. per cwt.[4] . .	14%
Russia.	11 6	17 9	New duty (1906) higher[5]	131%
Spain.	10 6	2 10 10	New duty (1906) higher[6]	76%
Sweden.	1 9	3 10	£4. 4s. 8d. per cwt. .	23%
Switzerland	6	1 4	£1. 0s. 4d. per cwt. .	7%
Turkey.	Free	12 6	8% *ad valorem*[7] . .	8%

[1] Estimated average *ad valorem* equivalent of the import duties levied on the *principal* manufactures exported from the United Kingdom, from *British and Foreign Trade* (Cd. 2337, p. 292).

[2] Although a "free-trade" country, Belgium taxes manufactured goods; the duties on British exports averaged 9% *ad valorem*, and were raised to 13% *ad valorem*. [3] New tariff, July, 1906, levies 12s. a gun.

[4] Now (1906) £8. 2s. 6d. per cwt. [5] Now (1906) £14. 3s. 9d. per cwt.

[6] Now (1906) £40. 13s. 1d. per cwt. [7] Now (1907) 11% *ad valorem*.

With the unimportant exceptions of Bulgaria, Holland, and Turkey, these duties are charged on the number or the weight of the articles and not on their value. The result is that foreign goods of the better qualities are relatively cheaper in the protected industrial countries of Europe than they are in most colonies. By comparing the above table with that on page 189 it will be seen that in thirty of the British colonies the duty on the £10 gun is as high as in fourteen out of the sixteen protected countries of Europe. In twenty-five of these British colonies the duty on more expensive guns would exceed that of Spain with its £40. 13s. 1d. per cwt. On a gun valued at £50 the Johannesburg importer would pay £7 duty, and the St. Petersburg connoisseur only 17s. 9d.; the same English gun sent to Montreal would be charged under the preferential tariff £13. 10s. duty, but in Paris only £1. 6s. 5d. and in Berlin 2s. only. Goods of the cheapest quality are sometimes favoured by a low *ad valorem* duty as against a high specific duty, but expensive goods of the best quality never.

In plain English the specific duties of Europe give the manufacturer protection against the introduction of foreign manufactures of low quality into his home market; they do but little towards encouraging the production of the best article regardless of cost. The duties are increased for two reasons: the protective policy raises the duty because at each increase the competition of the imported goods is raised from a lower to a still higher grade of goods. At first the cheapest goods were protected; the duty next is raised to protect the slightly superior grade; and so on at each increase of the duty a higher grade of home manufacture is successively removed from the competition of foreign

goods in the home market. But duties are raised also with a view to increasing the revenue; such duties hinder and hamper, but do not stop commerce.

If Spain doubled the duty on guns, it would not lead to the best gunmakers of England and Belgium commencing to manufacture at Eibar, nor would it enhance the reputation of Spain as an industrial country, but the duty does prevent the cheap guns of Liège and St. Etienne competing to any appreciable extent with the fire-arms output of Eibar. The manufacturers in the protected industrial countries of Europe are exporting cheap-quality goods to other countries, including the British colonies and Great Britain, whilst the people of their own country are taking in exchange better-quality goods made in the United Kingdom and elsewhere—an exchange in each way favourable to the people in the protected industrial countries.

To what extent quality determines the importation of arms into the protected countries of Europe can be ascertained from the figures given in Tables XII and XIII, but it must be remembered that the export from Great Britain of 50,000 or more African muskets at a few shillings each to a few of the protected countries for reshipment reduces the average price enormously. The specific duties of India tend to the importation of expensive goods, whilst the *ad valorem* duties of the colonies lead not only to cheaper qualities being imported, but, as the figures show, to the result that the average price of the arms imported from the United Kingdom is higher than that of the goods simultaneously imported from Belgium and subject to the same duty.

It was the intention of the authors to supplement this volume by adding a map of the world shaded to show the markets in which the British manufacturer is

free to trade, and indicate the markets entirely closed by prohibition and excessive import duties, or partly closed by tariffs, licences, fees, and other exactions. As soon as the work was commenced, it was noticed that the diagonal lines for one class of restriction and parallel lines for others would give a cross-hatching which would render it an all-black map of the markets of the world. As a matter of fact, trade in British guns by Britons is restricted, or recently was prohibited, in every foreign market. Trade is free only in some parts of Africa, Arabia, Tibet, and Eskimo Land, where there is either no population or no market. Where there is a market in the back lands, it can be reached only through countries which have barred these British goods by imposing duties or forbidding their transit. The map of the world's markets is indeed so dark that it is useless to print it. The thick shadows over this commerce are impenetrable; nowhere is the light of free trade; nowhere is there visible any prospect of profitable business abroad.

PROHIBITIONS

There have been orders in recent years prohibiting the introduction of fire-arms into many countries, and most are still in force. The countries include:—

BRITISH POSSESSIONS: Burma; Ceylon; India.

BRITISH PROTECTORATES: Sarawak; Zanzibar; British East Africa; Uganda; Somaliland; British Central Africa; Nigeria, Northern and Southern; Cyprus.

FOREIGN COUNTRIES: China; Arabia; Persia; Morocco; Chile ("Visto bueno" necessary); Colombia; Venezuela; Brazil (police permit for certain arms is accepted by Customs); Abyssinia and Erythræa.

FOREIGN TARIFFS ON FIRE-ARMS

ARGENTINA. *Ad valorem* tariff, 1906. £1 on a £10 gun; and a surcharge of 2 per cent. on 10 per cent. Also a fine of £5.

BOLIVIA. 50 per cent.

CHINA. 5 per cent. *ad valorem.*

JAPAN. 40 per cent. *ad valorem.*

MEXICO. £10. 7s. 5d. per cwt.

URUGUAY. Heavy duties and fines; practically prohibitive.

The vital fact in connection with these foreign tariffs, prohibitions, restrictions, police permits, travellers' licences, etc., is that they all tend to increase; that all render British commercial relations more irksome; and that all, though hampering trade, are either initiated or accepted by the British Government.

The manufacturers in the protected industrial countries not only expect to have the monopoly of their own market, but to be accorded preferential treatment in their country's colonies and to obtain support in the neutral markets of the world. Direct preference by reduced duties on the manufactures of the mother country is accorded by the French, Portuguese, and Spanish colonies in Africa; manufactures of the United States have preferential treatment in Puerto Rico and Hawaii, but not in the Philippines; and those of Japan are admitted free into Formosa. Holland, a commercial rather than industrial country, exacts no preferential treatment from her colonies; neither does Germany.

So much for the avowed policy of the countries. As a matter of practice, German, French, and Dutch traders have facilities in their own colonies not accorded to foreign merchants there; facilities which amount to preferential treatment in so far as it enables business to be done. For instance, the French exporters and importers can deal in fire-arms wherever the French influence predominates in Africa, and so can the

German merchants in the German sphere of influence. When a licence to import arms is required it is granted, sometimes, to a German subject; rarely, if ever, to an Englishman. According to the *Sporting Goods Review*, the influence of the German has on occasions invaded the British sphere of influence.

> The German authorities in Namaqualand are being deferentially treated by the Colonial Government, and every demand for an importation licence at Walfisch Bay is referred to the German resident consul in the Hinterland, and is now almost invariably refused, whereas the first commissioner rarely withheld his sanction to the importation of sporting weapons. It is believed that this consideration for German opinion is being utilised as a *quid pro quo* for a diplomatic squeeze elsewhere; meanwhile, there is stagnation at Walfisch Bay, which, as every one knows, is British territory. (Vol. II, p. 149.)

Protection in these industrial countries means the backing of the manufacturing interest in every possible way. In 1892 the persistence of the fire-arms merchants in China led to a circular note being issued to the Foreign Legations at Peking calling attention to the fact that the importation of fire-arms into China is forbidden. Since that date (1892) many thousands of German rifles and other arms have been introduced into the Middle Kingdom without the law having been in any way altered. Elsewhere mention has been made of the care taken by the British authorities not to interfere with the German traders' fire-arms in the Persian Gulf when those owned by British subjects were confiscated. The British administration is generally inimical to the fire-arms trade. It objects to importations into Africa, whilst the Cape Colony imports foreign Mausers and refuses permits for English rifles. On the other hand, the French, German, Portuguese, Spanish, and Italian policy fosters the trade in their own, in each

other's, and in the British spheres of influence. The English manufacturer has few chances of trading on equal terms anywhere on the African continent, and still fewer opportunities of conducting his business successfully. It has been hinted that the English attempted to run rifles into Somaliland during the operations of the British army against the Mad Mullah, and still more recently Reuter's correspondent deemed it worth while to cable that the assegais of the Zulus were said to have been made in Birmingham!

A White paper (81-I, 1906) on foreign commerce issued in April (1906) shows that during the nine months ended September, Portugal imported for home consumption fire-arms valued in milreis at:—

1903.		1904.		1905.
58,000	...	106,000	...	159,000

of which quantities in excess of the normal (shown in Table XVI) it should be possible to trace to their ultimate destination.

These fire-arms were not made in Birmingham, and the frequently published hints and insinuations that Birmingham manufacturers are implicated in supplying weapons to some one or other of England's enemies is most often merely a blind to hide the true source of the trade. The ruse is so transparent that all but the "high authorities" see through it immediately. These authorities nevertheless make Birmingham producers suffer for the misdeeds of foreign adventurers. As a matter of fact, the manufacturing classes of Birmingham are the most law-abiding men within the six seas that girth Britain, and their respect for every law, English or foreign, is as great as though they themselves had made it. Their loyalty is so thorough and constant that it cannot count for righteousness: it has ceased to be a virtue, and become merely a habit. Did

they show more sturdy independence they would be treated more considerately by the legislature. That the gunmakers of Birmingham are not gun-runners is proved by the pitiable state of the fire-arms industry in the Midlands. Rifles and other weapons are sent into countries where their entry is prohibited, but these arms are invariably of foreign manufacture, though the contrabandists may be Englishmen. More often the smugglers also are of foreign extraction, possibly naturalised British subjects, taking all Britain has to give them, and in return doing nothing to help her industries, but much to injure them by their illegitimate trade.

Egypt, the only neutral market remaining in Africa, appears to be fairly well exploited by the English manufacturer. The exports of fire-arms thereto were 799, valued at £2648, in 1894; and 2462, worth £5798, in 1900; but both in the Sudan and in British East Africa an administration similar to that obtaining in India and Burma could be made helpful to the fire-arms industry of England.

There remains to be considered the volume of the trade between foreign countries, and, finally, the methods of foreign traders in the neutral markets, where foreign goods compete with English manufactures.

Belgium as a manufacturing country has practically the same difficulties to surmount in her foreign trade as England meets. For reasons already stated, Belgium is able to undersell England. Her trade in fire-arms is increasing with most countries, but her manufacturers do not possess the solid, persistent, forceful backing of such manufacturing countries as have adopted a protective policy and are determined to possess a large export trade. For instance, Germany,

Austria, and France do a large trade with Russia in fire-arms, notwithstanding that Belgium can undersell them there, as in every neutral market. As indicating the alertness of a protective country not to lose a threatened market, in 1893, when Austria decided to submit unproved imported guns to a test, Germany at once passed a similar measure, established Proof Houses, made proof compulsory, and so put German manufacturers in a position to hold the Austrian market —and this was done to save a trade[1] in fire-arms about one-fifth the volume and value that the British Government destroyed for England in the Persian Gulf, and a sixth of the trade lost to English manufacturers through the Indian Arms Order mentioned in the last chapter. This act of the German Government is an instance of what we mean by an import duty being the beginning of protection; the Government which carries out a protective policy must be alert to take every advantage of trade possibilities, in fact, to conduct generally the export trade of the country.

German methods are at once the most unscrupulous and most successful. A generation of religious education in Germany, followed by three years' military training of its youth, has produced the Social Democrat, the rapacious colonist, and the most shameless trader the world has seen since Carthage was destroyed.

In a book by M. V. Bérard, of which an excellent translation has been made by Mr. H. W. Foskett, and published under the title of *British Imperialism and Commercial Supremacy*,[2] some German methods are exposed. M. Bérard analyses in a masterly manner the policy of protection as practised by Germany. He

[1] German fire-arms exports to Austria averaged in value less than £15,000 per annum for 1885–8. [2] Longmans, 1906.

sees the people under the direction of the Master, who commands even the State, who orders that they shall work all the year through, and to bend his people to toil, "made use of all means from gentle suasion to compulsive force." "That once pedantic people have learned to murder every modern language and patois under the sun."

By a system of customs he shut out products from without, and compelled the country to become self-sufficing. "Thou shalt soil thy tongue no more with the talk and curses of nations," spake once more the Master, "nor shalt thou wear their clothing nor make use of their implements." And the people were constrained to forge, weave, saw, turn wood and iron, work in mines, kindle furnaces, bend the neck beneath the yoke of machines. To set a good example, the Master himself henceforth only used national products. As war was his great occupation and preoccupation, as, moreover, his requirements of arms, equipments, and provisions for his men, of saddlery, harness, and vehicles for his horses, were insatiable, he inculcated in his people the industrial arts of war. They had to convert molten iron into cannon, to weave and cut out wool into uniforms, to stitch leather, and to tin foods. Germany became a gigantic military supply stores, executing first of all the orders of the Master, part of which, in course of time, the Master dispatched abroad. For it was by permission, or rather by command, of the Master that Germany supplied the weapons of war to one-half of Europe. (p. 128.)

One-half the world, M. Bérard might have written. Then Germany "in the space of a few short years accustomed the tastes of her people to a kind of cheap-class goods which, although they did not in any way equal the solidity and quality of English and French made articles, at any rate improved the external veneer." The Master in the name of trade made colonial conquests. "On the niggers of Africa he imposed the alcohol of Hamburg, and deftly slipped

the German card between the fingers of civilised peoples."

> Taking advantage of his real force and prestige, founded to a certain extent on dread, he imposed his merchandise on friends and protégés alike, on old empires prone to fear and young nations not yet grown to strength. Whilst the mainspring of England's foreign policy worked on the principle of the "open door" and unfettered competition, the Master, not satisfied with fending foreign competition by means of the custom-house, encouraged national labour by the granting of bounties to industries, shipping lines, and every kind of new enterprise. . . . In peace time as in war time, the German State seemed to command, while the English State was content to reign. (p. 130.)

The methods by which foreign competitors have wrested trade in neutral markets from British manufacturers are comprised in carrying out two policies: first, that of imitating saleable goods and trade-marks; second, underselling. Many references have been made, particularly in chapter VI., to the imitation of British goods and the utilisation of Birmingham Proof Marks to win a market. The same principle has been followed to substitute a foreign-made gun or pistol for the genuine article of any particular Birmingham manufacturer. There is not a British maker of high repute but who will tell of particular instances of wares being counterfeited by continental manufacturers. In a general way these foreign makers produced guns on which they placed the name of "Mortimer, London," or some other dead or imaginary gunmaker; on the barrels they engraved "London Fine Twist"; and they offered these for sale even in the United Kingdom. Then they copied English models; they used English inventions, with or without paying a royalty if patented; and they passed off rubbish for good work.

And as they invented nothing and created no envied reputation, they simply robbed from England without producing anything England could copy, imitate, or thieve in return, even if she wished; they were simply wreckers bringing down the reputation of British goods, trade-marks, and makers' names by foisting base, worthless imitations on a gullible public.

The German article has copied all the modes, and too often counterfeited—"pirated," according to the English—the home modes and mark (for modern Germany does not practise all the virtues). . . . The Germans pirated English marks, that is true enough, but they did so in order to meet the wishes, or perhaps even in obedience to the behests of their correspondents, who undertook to find a market for their false marks. (Bérard, *op. cit.*, pp. 257, 267.)

The result has been to debase the standard of quality set by British manufacturers; by substituting bad for good, the demand for good—good marks, names, brands, qualities—has been lessened; the good is no longer obtainable in every market, and the cheap substitute from abroad is found even in England.

It was comparatively easy for the foreign competitor to undersell. He did not have to invent, but merely to imitate; he did not have to build up a reputation, he stole one; and, if this were not advantage enough, the price he obtained in the protected home market yielded him a profit, part of which he utilises in selling in foreign markets at, or under, cost price.

That is the competition English manufacturers have tried to overcome, whilst themselves paying for inventions and goodwill; whilst giving higher wages, suffering higher taxes and rates, and having from the State no help either in procuring a market or making one.

When one considers the means employed abroad,

goods have most of the chances in the home market; next, they get first chance in the markets of the home country's colonies and dependencies; third, a reserved market in those countries which have a reciprocal or preferential tariff with the home country. In the neutral markets there is the backing of the home manufacturer by the whole of the diplomatic corps and the national policy.

The English manufacturer has no such advantages anywhere, and if his cost of production were reduced to-morrow to the level of that obtaining in Belgium, still French, German, and Austrian arms manufacturers would have a great advantage over him, because the cost of selling, about equal to the cost of production, is at his charge, whilst his competitors have a great part, if not the whole, of the business done for them at their Governments' expense. In the more important cases Germany, for instance, has insisted upon a contract for military stores being placed in Germany. In the long years during which England was the first friend and protector of the Sultan's empire was there any such stipulation for the benefit of Birmingham? Of the many foreign countries which are more or less dependent upon Great Britain, is there *one* now armed from England? Did not the Indian Government hold up at Peshawur English-made arms and ammunition intended for the Amir of Afghanistan? And did not the Indian Government consent to the Amir obtaining munitions of war from Germany, which munitions of war were passed through at Peshawur without let or hindrance? Other instances of Government action detrimental to the interest of the British manufacturers will occur to every one.

In the everyday matters of ordinary trade the consuls of the protected countries are far more energetic and

able than those of Great Britain. There is no business too small or insignificant, none too large, for the comprehension of the German consul; everywhere he is an indefatigable worker, a friendly counsellor to his nationals, and a strong supporting pillar in his country's commerce. The American consul is usually a man of business, a man who sees that his countrymen know where business is to be done and how trade is to be obtained. The foreign consuls are living repositories of commercial information, which it is their delight to impart. They will hunt up addresses of manufacturers for would-be importers; they will even translate advertisements and announcements into the vernacular for possible buyers; and they do make a genuine effort to increase the trade between their own country and the district to which they are appointed. The British consul is not a success, from the trader's point of view, and very few of his countrymen go to him willingly for advice or information on trade matters. The British consul never forgets that he is supposed to be a diplomat, an official of the Foreign Office, and his main concern is not with trade; his delight is to get into a blue uniform and society, and is he not too often a foreigner himself?

The continental manufacturers have sought mainly to produce more cheaply than their British competitors. Their workpeople, accustomed to a lower standard of living than the British artisans, have been used, often very hardly used, to accomplish this end. English craftsmen have been imported to start, and where necessary retained to continue, various manufacturing industries. British capital also has been borrowed to initiate, develop, and maintain these competing foreign industries. It is a mistake to suppose that technical education in Germany has enabled the Germans to

surpass English manufacturers in the production of high-class wares. What scientific education has done for German manufacturers is something much more modern and profitable. It has taught them how to produce for less money something which may appear to be as good as the English article. When mechanical skill is necessary to production the Germans are still inferior to the English. For instance, although the highly educated Germans know all about the qualities, nature, properties, and production of iron and steel, they have not the skill possessed by English smiths in manipulating the metal. So recently as 1906, the Germans being unable, notwithstanding their scientific attainments, to forge such a simple thing as a chain cable, they took to Duisburg some Staffordshire iron-workers to instruct German smiths in the elementary art of welding. The German scientists and smiths could not shut two ends of iron together properly, not even with the aid of their perfected electrical and mechanical appliances. These could only fashion steel to resemble a ship's cable in everything but the quality of withstanding a tensile strain. It is just that vital quality the German product lacks and the English product possesses. The Englishmen know their craft; the Germans know only all about it. This is the essential distinction which differentiates English from foreign workmanship.

The German and other continental manufacturers recognise the difference. They have always recognised it. Unable to produce what the Englishman can and does, they directed their attack upon the standard of excellence set by the leading British manufacturers. They debased that standard; that is the key to their success. They imitated; as the modern chemist imitates nature. They produce a thing which looks like a

corkscrew, but will not draw a tight cork. Their chemists from coal-tar reproduce the crystals of the strawberry or of indigo, but one has not the flavour of the real fruit, nor the other the durability of the true vegetable dye. If the proof of the pudding be the eating, the German article is not pudding at all, but a by-product of gas-making. However, the stuff is so nearly like pudding in appearance as to be sold for the genuine article—hence its vogue. Germany's success in applied science is but the American manufacturer's principle of the wooden nutmeg carried to its *n*-th power. Really it is nothing of which to be proud. People who can sup coal-tar crystals dissolved in water and believe they are taking natural fruit lack both knowledge and intelligence. Or maybe the glamour of science has hypnotised them into as grotesque a performance as that of the vulgar mesmerist's stage "subjects," who chew the end of a tallow candle and say they are eating candy.

We admire the achievements of science, but detest their immoral application. For science is an erring handmaid of truth, prone to deceit. Science can distort as does the photographic camera, and is second only to art in making things seem what they are not. And it is just these deceitful properties of science and art which foreign competitors have most ruthlessly employed to exploit the world's markets to the disadvantage of their British competitors.

In the United Kingdom the Merchandise Marks Act deprived foreign manufacturers of unmerited profit. That Act protected the English consumer. It prevented some of the worst forms of manufactured imitations masquerading as the genuine article in this country. But it did little to help the English manufacturer and little to protect the colonial buyer. And

it is in the colonial and neutral foreign markets the turpitude of the continental manufacturer has been most frequently manifested. In the end he has triumphed. He has brought down in the estimation of the foreign and colonial buyer and consumer the reputation once enjoyed by English manufactures. The English goods are still better than those of continental origin, but the colonial and foreign buyer has been deceived so many times by the external similarity of the genuine and the imitation, that he now mistrusts the English wares even as he distrusts foreign goods. The mischief has been wrought. Thanks to the unscrupulous trader, the British and the foreign maker now stand on much the same low level in some foreign markets, and the only consolation is that the foreigner cannot drag his British competitor much lower. Should circumstances compel both to rise, the Englishman will have the advantage; for the higher he reaches, the nearer he is to his own natural element, and the further the foreigner is from that state his own proclivities reveal him to have been intended for by nature.

In every manufacturing country there are men whose first object is to forward their craft; these are never guilty of the practices of mere traders. The master craftsman extends the hand of friendship to his fellow, whatever his nationality, creed, or colour. They unite in combating the debasement of their craft. When denouncing the practices of our unscrupulous competitors we do not intend that all foreign manufacturers shall be included in the same category. The names of Bernard, Bodson, Guyot, Lebeda, Leue, and others, including more than one *Société anonyme* and *Actien gesellschaft,* will occur to everybody as deserving such high praise for workmanship as does the Colt gun factory in America, or any one of the leading arms

manufacturers in England. But the fact remains, and it is an ugly fact, that foreign manufacturers have used despicable means to wrest an advantage from English manufacturers, and that complete success has rewarded their efforts.

We have stated some of the methods. It is not possible for English manufacturers to do what the foreigners have done. The manufacturers of the Midlands can cease to make goods; they will not condescend to imitate trade-marks, to use bad material, to send goods not up to sample, weight, or quality; in short, they will not do those things their unscrupulous competitors have found profitable.

We have shown that a protective policy does not mean shutting out from your home market the best the world produces, but only the worst. An *ad valorem* tariff, by which import duties are levied for purposes of revenue only, may have the opposite effect, and admit the worst and exclude the best. Thus the duties exacted by British colonies exclude English manufactures and favour the importation of inferior foreign substitutes; and the duties by weight imposed by the protective manufacturing countries of the Continent do not bar imports from Great Britain, but only restrict and hamper trade.

English manufacturers do not prefer to trade with a foreign country rather than with a British colony, but the prevailing conditions do not accord them any option. English manufactures are accepted on better terms by a foreign power, such as Germany, which is openly and fearlessly antagonistic to Great Britain, than by a professedly friendly power, such as Japan, with which she is connected by formal treaty. The English-made gun worth £50 has to pay a duty of 2s. only when imported into the German *Zollverein*,

and one of £20 when imported into Japan. For this reason the Germans, who are our enemies, buy more of our best-quality guns than do the Japanese, who are our pretended friends and actual allies; and because of this English manufacturers prefer the German to the Japanese market. It is the result of twentieth-century British statesmanship, not the fault of British manufacturers.

CHAPTER XI

AMERICAN TRADE AND INDUSTRY

THE New World, from its discovery in the fifteenth century until long after the declaration of American Independence, was regarded solely as a land to be exploited for the benefit of European monarchies. After the wars between Great Britain and the United States had ceased, England still regarded America as an importing market for manufactured goods and for the producer and exporter of raw materials. This was not, and from 1791 had not been, the view of American citizens. The manufacturing industries of the American continent had to be nursed and protected; the encouragement they have received has led to their growth until the trade and industries of the United States dominate the American continent and bid fair to rule the markets of the world.

The growth and success of the manufacturing industries of the United States may be attributed to:—

(*a*) Tariff legislation rigorously protecting industries.

(*b*) Patent law superior to that of Europe.

(*c*) The practice of common-sense business methods.

Import duties have been inseparable from American policy since the signing of the Constitution, being originally the main source of revenue. In 1789 the preamble to the Customs Act read: "Whereas it is necessary for the support of the Government, for the discharge of debt, and the encouragement and protec-

tion of manufacturers, that duties be laid," etc.; and the policy of protection took more definite shape in 1791, when General Hamilton proposed that imports should be taxed for the purpose of encouraging learning as well. From 1789 to 1812 the Customs duty fluctuated in accordance with the annual expenditure of the State, and up to 1816 the protection of manufactures was incidental rather than essential to the policy. But protection by duties on imports grew quickly after 1821, when in place of a fixed tariff the imports were divided into classes, some articles being admitted free and others charged a much heavier rate of duty than had been customary, so that protection, as understood to-day, culminated in the U.S. tariff of 1828.

Of the history of the fire-arms industry in the United States but little is known to the present writers. The census of 1810 showed that the industry was then located chiefly in Worcester, Mass., which produced 19,095 muskets, worth $229,085, out of a total of about 65,000 arms. There were establishments also at Hartford and Newhaven, Conn., 115 in Pennsylvania, 10 in Maryland, 14 in Virginia (producing 20,000), one at Providence, R.I., another at Burlington, N.J., and several in Tennessee and North and South Carolina, but not one in Kentucky, which State had 14 gunpowder mills. Rifles were made in Pennsylvania, Maryland, and North Carolina.[1]

In 1823 some 26,000 guns were made in Connecticut and 30 tons of steel were used in the industry, but it is stated that the establishment had never been profitable "and for the last ten years has not yielded 5 per cent. profit on the capital invested." In 1840 at a Connecticut factory 40 men made 2150 guns, and in another 3 made

[1] *U.S. Official Papers: Manufactures and Statistics of the U.S. Census of 1810*, etc. (to 1843).

150; 2000 were made by 30 men at Meriden, and 6340 by 76 men in 3 factories, whilst one man made 12; and at a powder mill in Maine 3 men produced 150,000 lb. of gunpowder, worth $7500.[1]

In 1862 these were manufactured in 239 establishments, having a capital of $2,512,781, and employing 2056 hands. They made $2,342,681 worth, of which $1,544,090 was the product of 26 factories in New England; $625,094, the value in the Middle States by 94 establishments; $85,834, by 72 in the West; $72,652, by 41 in the South; and $15,011, the product of 6 in the Pacific States. The largest establishments are in Connecticut, where 9 manufactories at Hartford, Newhaven, and Norwich, including some of the largest private armouries in the United States, produced upwards of one-half of the total value, or $1,186,500. Seven in Mass., with Springfield, produced $340,000. There are 44 in Pennsylvania, 37 in New York, 1 in New Jersey, 6 in Maryland, and 23 in Ohio.[2]

The country has been the home of many notable inventions; there seems to be no doubt as to the genuineness of the claim that the Express rifle, the prototype of the modern military weapon, originated in the United States as the Kentucky rifle of the old pioneers. The priceless invention of which Colonel Hanger deprived the world by throwing the rifle-barrel into the Thames was also derived from America. Every one knows of the gun factory at Harper's Ferry, which was seized and destroyed at the beginning of the American War, and of the American inventions applied to fire-arms which, like Colt, Derringer, Spencer, Winchester, Lee, and Smith and Wesson, have become as familiar as household words.

During the Civil War Birmingham sent 733,403 and

[1] *U.S. Official Papers: Manufactures and Statistics of the U.S. Census of 1810*, etc. (to 1843).

[2] J. M. Edmunds, *Manufactures of the U.S. in 1860*.

London 344,802 muskets to America, in addition to large numbers bought for "the South" and shipped surreptitiously. America began to make military arms at once, and was soon producing 500 muskets a day, which output was increased to 2000 a day before the end of the war.

From that date Pebody's, Winchester's, Colt's, Lee's, and others less well known have been shipped to every country in Christendom. What they may aggregate can only be estimated roughly, and if these exports be placed at three millions, this is probably under rather than over the actual figure. No statistics of production are obtainable, and the value of the recent exports and imports is given in chapter v. and Table XVIII.

On the products of the fire-arms industry the import duties levied by the United States have varied as under :—

1789–1792	.	5 to 7½ % *ad valorem*. For revenue only
1792–1795	.	13 % *ad valorem*
1796–1800	.	10 % *ad valorem*
1800–1805	.	14 %
1805–1810	.	15 %
1810–1815	.	26½ %
1816–1820	.	34½ %
1821–1824	.	34½ % from 1821, part free
1824–1828	.	38½ %
1828–1832	.	41½ %
1832–1841	.	31½ %. Average tariff terminated
1842	.	30 % *ad valorem*. On guns and gun parts
1846	.	30 % *ad valorem*. ,, ,, ,,
1857	.	24 % *ad valorem*. ,, ,, ,,
1861	.	30 % *ad valorem*. ,, ,, ,,
1870	.	30 % *ad valorem*. ,, ,, ,,
1880	.	35 % *ad valorem*. ,, ,, ,,
1890	.	35 % *ad valorem* plus $6.00 specific duty. McKinley Tariff, October 1
1894	.	30 % *ad valorem*. Wilson Tariff, August 28

1897 . .	*Ad valorem* and specific. Dingley Tariff, July 24
1905 . .	£1. 5s. each and 35 % *ad valorem.*

Under the present tariff, guns under £1 value pay 6s. 3d. each and 15 per cent. *ad valorem;* over £1 and under £2, 16s. 8d. each and 15 per cent. *ad valorem;* whilst gun-barrels (rough) are admitted FREE, and other parts at 50 per cent. *ad valorem* duty.

These tariffs did not have the same effect. At first the Birmingham manufacturers, by cheapening the cost of production and cutting profits, were able to hold the market, but the increased duties hit them hard, and after a quite piteous struggle to hold on during the eighties, the McKinley Tariff of 1890 destroyed what little hope remained of keeping the American trade.

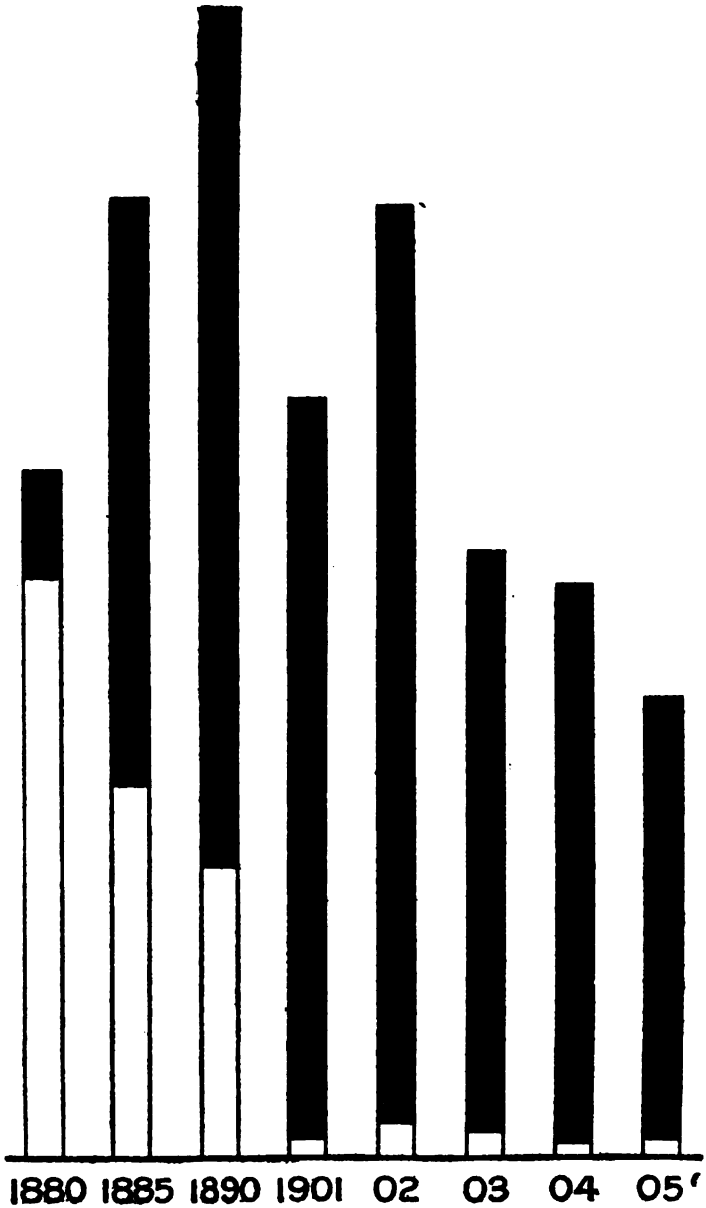
The Liège gunmakers, manufacturing a different type of gun, found in the United States a market for converted army muskets, and plain single-barrel breech-loaders, resembling a toy more than a weapon; but favoured by the classification of the new tariffs, they built up a business in articles neither the English nor the American factories condescended to produce. Then the American dealers and jobbers imported the component parts of guns at a reduced duty, and Liège workmen went to the United States to put the parts together, and so made the guns in America. A firm actually advertised in 1892 imported guns for sale at a lower price than the minimum duty under the tariff. When the duties were readjusted the Liège manufacturers benefited, and they extended their exports by including guns of different kinds and superior qualities. As already shown (chap. v.), the Birmingham manufacturers were undersold, owing to legislation in this country having increased the cost of production so enormously. The Birmingham makers, having been squeezed out of the market through the operation of

the tariff abroad and the imposition of burdens at home, matters quite beyond their control, feared that if they tried again, when they got a chance under the amended tariff, and their efforts were successful in getting a fresh footing for them in the American market, the tariff would be altered again to their direct disadvantage, and so they have always refrained from any serious attempt to regain their former supremacy. Every such attempt entails an enormous expenditure in advertising and in possibly barren and probably unremunerative preliminary expenses.

Some Birmingham manufacturers, entirely dependent upon the American market, went out of business altogether; others acquired manufacturing facilities at Liège; others, those whose weapons enjoy the highest reputation amongst American sportsmen, still do a certain amount of trade. Although its volume is much diminished, nothing short of an actual prohibition will stop these imports entirely.

The trade statistics show that a tariff can, and occasionally does, prevent the importation of a particular article, but also that it is powerless to prevent the importation of every kind or make of goods belonging to a given class. It may prevent the importation of Birmingham-made shot-guns, but it cannot exclude all fire-arms.

The United States this century has imported fire-arms to the average annual value of $809,200, of which Birmingham, instead of contributing about 85 per cent., as it did in 1882, or even 18 per cent., as it did during the McKinley Tariff, averages now only 2·38 per cent. (See Table XVIII.) In the present century the shipments from Birmingham in the year 1902 were a third larger than in any other year. The total imports that year were $1,155,088; the exports from Great



TOTAL IMPORTS INTO U.S.A., AND BIRMINGHAM'S EXPORTS THERETO

Britain, $32,010; the exports from Birmingham, $27,094, and this sum, with $6180, the value of 2085 foreign-made imported guns re-exported to the United States, brings the total to $33,274. This sum is slightly in excess of the total imports, the difference probably being due to lack of accurate coincidence in the financial year, but sufficiently near to prove that the fire-arms trade of Great Britain with the United States is comprised in the shipments from Birmingham, plus foreign manufactures re-exported.

Further statistics of the United States show that an increase in the import duty is not invariably followed by a rise in prices. Indeed, sometimes the reverse of this expected result follows. The McKinley Tariff took effect generally from January 1, 1891, and prices in the United States fell nearly 30 per cent., reaching the lowest level in 1897. The decrease affected all goods—farm produce, food, clothing, fuel, lighting, metals, implements, lumber, building material, drugs, chemicals, house furnishings, everything an American family is in the habit of using. The decrease on all commodities averaged 29·2 per cent.; the difference in the price of fuel between 1894 and 1905 is 39·4 per cent.; of building materials, between 1897 and 1905, 41·4 per cent. In short, living became cheaper after the higher tariff was imposed. Not, perhaps, because of it, for though the decline continued during the operation of the Wilson Tariff (1894–7), the still higher tariff of the Dingley schedule was the date of the turning point for the rise in prices, which in 1902 reached the level of 1890, and in 1905 were 15·9 per cent. above the general average of 1890–9, the prices of 1905 being 2·6 per cent. above those of 1904, and showing signs of further increases at the end of December, 1905.

Prices therefore are to a certain extent independent

of the rate of duty on imported goods. Possibly the action of the various trusts since 1897 has been more directly instrumental in advancing prices than have the increased duties under the Dingley and the amended tariffs. Perhaps prices are not much affected by either factor. In the United States the cheapest year was that of the Dingley Tariff, and people blame the protectionist duties, now that the increase in prices has passed the stage indicating real prosperity, forgetting that the McKinley Tariff did not bring about a general rise in prices.

As possibly affecting prices, the gold production must be considered. Although the gold output has been increasing for many years, it has done so enormously since 1896, when it was $202,251,600 per annum; in three years this output advanced to $306,725,100, an increase of 50 per cent.; in 1904 it was $346,892,200. Of the United States output, $80,000,000 a year, the greater portion is kept within the country; in six years only $100,000,000 was used in the arts, so that since 1900 there is $400,000,000 to be added to the stock of American currency. In 1896 the money averaged $24·03 per head, and on February 1, 1906, $31·73 per head, or a little more than the increase indicated above in the cost of living.

The United States Government has differential rates against British produce and favouring similar produce imported into the United States from France, Germany, Italy, and Portugal, under reciprocal arrangements by which the United States products are admitted into those countries at reduced or preferential duties. In Brazil certain products of the United States are admitted at 20 per cent. lower duty than that paid by British products. The reciprocal policy is as yet new to the United States and is capable of infinite

development; in every case hitherto it has been used to get for American produce better terms than those accorded to British produce.

The patent law of the United States has been denounced in the language of the hustings by no less an authority than Mr. Edison, who has had great experience of its practical working. Yet the fact remains that, imperfect as it may be, for many years it has been far ahead of the legislation of this country, in so far as it has rejected the obviously unpatentable and given a measure of protection for a longer term, at about one-tenth the cost, over six times the area. It reserved for the new article, process, or industry a market with twice the population—and America has been doing this for more than thirty years!

The next point is the examination of what American manufacturers have done for themselves whilst enjoying the protection of the laws of their country favouring industry and trade.

From the American point of view, the injurious effect of the tariff is the margin it creates for a difference between home and export prices; from the foreign trader's point of view, the important point is whether the tariff permits, or whether it is the practice of the American manufacturer to "dump" goods into neutral markets at low prices. A good deal of information on both points is given in the *Report of the Industrial Commission*, United States (1900). From this it appears that the fall of prices, 1891–7, subsequent to the imposition of the McKinley Tariff brought American prices nearer to those current in European and other neutral markets, and that consequently there was a temporary boom in the export trade of the United States, a boom which subsided when prices in the United States rose.

The majority of the 416 firms answering the Commissioners as to the difference between home and export prices declared that they sold at the same prices whether the goods were for home consumption or for export. Others answered in some such words as: "Usually lower, on account of Canadian tariff of 35 per cent."; "Export practically at cost of production to British colonies to meet foreign competitors"; "Foreign manufacturers cut the price to actual cost or less to get a footing. In some cases we meet the cut"; "It was necessary to cut foreign prices for a time in order to secure a market." Mr. Guthrie, President of the American Steel Hoop Co., stated:—

The Carnegie Steel Co. were practically the pioneers in exporting steel. They were doing it to make a market. They proposed to sell for 20 per cent. less than it sold for at home, lower than their cost price; and it was done; to keep things moving and bring gold back.

Q. So that you want to make a dumping ground of England?

A. Not especially England and Germany, but their colonies. Even if we have to sell at cost, we keep the men and mills busy, and the country gets the benefit of the policy.

Q. (By Mr. Farquhar.) How do you manage to undersell the Englishman in the English market?

A. Cut his prices usually.

Q. You must certainly have a saving and better machinery, or an advantage in output?

A. The great advantage is the raw material. Just now is an exceptional time, and the demand is ahead of the supply.

Q. In ordinary times you can keep up American wages and beat the Englishman in his own market?

A. Without the slightest doubt; we can whip him and make money.

Q. When you take the general run, you think Americans are able to compete with the English and Germans in their own market?

A. Without the slightest doubt, and make a profit.

Q. (By Mr. Jenks.) You can lay down steel rails in China cheaper than an English or Belgian or German firm?

A. We are doing it right along.

Q. (By Mr. Farquhar.) And build bridges in Egypt?

A. Yes, and everything else. The truth of the matter is, the Creator of all things has been good to us. We have the raw material, the coal, the ability, the intelligence, and we are pushing it for all it is worth; and I think it is only a question of time, and a very short time, when we shall control the iron and steel markets of the world. I have one partner over there in the North Eastern Steel Co., and another with Dorman, Long & Co., and they have absolutely given up the idea of competing with us if it comes to a close fight.

Q. Is it not one of the real strong incentives you have, to make these great aggregations of capital?

A. One of the strongest and most talked about. We think we have pretty good directors. We think we have gotten the ability of all the steel companies, the best men, men of intelligence, men who understand business; and we all get together and consult about these matters, and we can do a great many things we could not do in any other way.

Mr. Guthrie explained that members in collateral industries associated with the group would supply material at lower prices in order to help the combine secure a big contract, and so keep their mills full, to put out a big tonnage and manufacture at the lowest cost. Mr. Scwab said that "we would rather be sure of running our works full at a known loss than not to run them at all," and also that other manufacturers, producers, and transporters lowered prices to help in making an export business, but "labour has never been asked to work for a lower price for export material, so that labour benefits more by it than almost any other interest. Any one who has tried exports will realise the difficulty of starting an export business. Once developed, you do not want to shake it off."

The American policy indicated is the reverse of that current in England, where, if a firm is executing a big contract, every collateral interest, from the coal supplier to the shipowner carrying the finished goods, tries to get a bit more than was current before the moment he knew of the contract.

Mr. Thulin, a Pennsylvania contractor, said that after an investigation extending over ten years he had reached the conclusion that "practically all manufactured products are sold to foreigners for less than to Americans, and that the average is probably about 20 per cent." But the truth appears to be that when American mills and factories are short of orders they sell in foreign markets at whatever prices they can get for their surplus, in order to keep their men employed and their works running.

Whatever may be the result of tariffs upon prices, there is no doubt as to their efficacy in protecting the manufacturing industries, for they afford a market for the products within the protected area. As stated in chapter IV., a sure market is necessary to continuous economic production. The fire-arms manufacturers of the United States were able to supply the general needs of that market, and because of economic production resulting from the industrial efficiency following continuous employment, they were able to find abroad a market for their surplus products. That easiest to win was the free market of Great Britain, and next the neutral markets of the British colonies and the Far East.

The reason Canada was the first of the foreign markets to be captured completely is that American sportsmen use guns of a particular type and extraordinary dimensions. The Canadians also favour these dimensions, and guns built for the United States market might find purchasers in Canada, though to

a less extent in Cape Colony, and not at all in Australasia or Europe. The same peculiarity will apply to stoves, vehicles, and hundreds of other articles. Propinquity to the market gave the American manufacturer an advantage; the duty on fire-arms imported into Canada was the same as that levied by the United States, and this similarity may have been arranged in order to lessen the temptation to smuggle European manufactures from one country to the other. The postage on letters and printed matter was less between the two countries, and the commercial Americanisation of Canada was facilitated in numerous ways by the dominating influence of United States policy. More than this, the American manufacturer knew the exact needs of the market; he could deliver from stock more quickly than the English manufacturer, and the whole of his stock was as well suited to the Canadian as it was to the larger American market.

When the English manufacturer lost the United States market, the demand from Canada was not sufficiently large and constant to warrant him in manufacturing quantities of guns for that colonial market, guns which were quite unsaleable elsewhere. So he lost orders which required immediate delivery, and all inquiries being followed up more quickly, assiduously, and persistently, not to mention much more cheaply, by the nearer manufacturer in Massachusetts, Connecticut, or New York, the trade was gradually diverted into American channels. To-day in British Columbia, the most English of all the British colonies, for one English there are thirty American and foreign made guns sold.

The preferential duty accorded by Canada to English manufactures is insufficient to compensate for all the peculiar advantages of situation, money exchange, and

suitable stock ready for immediate delivery, possessed by the American gun factories. The American general tariff is now lower than the Canadian preferential tariff, and unfinished goods, such as component parts, can be obtained from Belgium at a very low price and are subject to 25 per cent. duty only. The English manufacturer has preference only to this extent: on a shipment value £100 the duty is £30, less one-third of 30 per cent. on the £30; that is to say, 10 per cent. of £30, which equals £3, leaving the duty on £100 at £27.

The American importer paying 25 per cent. on his component parts, and having the great advantage of really economic production, is able to undersell the English manufacturer in Canada—and elsewhere.

Since 1794 trade between the United States and Great Britain has been on the footing of "the most-favoured nation," assured by treaty. The clause is, however, accepted in a different sense by each country. England holds that it means that no other or higher advantage shall be given to one nation over another in the markets and ports of any nation having with another a "most-favoured-nation" treaty. The United States interprets the clause as compatible with a reciprocity treaty with another Power by which the United States may grant such other Power exceptional advantages.

The reciprocity treaty with Canada was beneficial to the United States in just so far as it was detrimental to Great Britain. Her reciprocity treaties with Hawaii (1887) and the Spanish colonies (1891) likewise deprived Great Britain of equal treatment. In 1890 the United States Government was able to set Newfoundland against Canada, and both Canada and Newfoundland against Great Britain, by an endeavour she made to negotiate a special trade arrangement with Newfoundland.

The United States has repeatedly attempted to obtain special advantages—such as a tariff more favourable than is extended to Great Britain—from Canada and other British possessions in the New World. When she has failed[1] she has developed a protective system of barriers against the trade of British North America, all in accord with her policy of capturing the trade of the American continent and weakening the connections existing between the various colonies and their motherlands.

Propinquity to markets is a distinct advantage to possess, but alone it is not sufficient to ensure success. The United States has a special Government bureau to deal with the affairs of the Central American republics, and loses no opportunity of increasing her prestige in every American country. Her statecraft is so far in advance of our own, and British statesmen are so completely outclassed in negotiations by the simple, business-like men of America, that the Canadian Council so long ago as 1874 stated that "the British Minister acting alone cannot possibly meet such men alone, no matter how able he may be."

Probably this is the earliest suggestion of the impossibility of conducting negotiations with the United States on colonial matters by means of the British Minister alone. It led to the appointment of a Canadian politician as Imperial Commissioner to act "under imperial instructions." Subsequently, as previously, in all matters of dispute between Great Britain and the American colonies against the United States—in so far as they related to industrial and commercial affairs—the outcome appears to have been

[1] The present troubles in Cuba have been attributed by some politicians to the attitude of the United States Government to the treaty proposed for partial reciprocity between Cuba and Canada.

invariably in favour of the United States. In all probability these disadvantageous agreements will increase until British statesmen look at matters from the business man's point of view, and condescend to make a serious study of trade interests and introduce common-sense methods into their everyday politics.

Of the energy and ability of the American manufacturer it is needless to write. His success in business is admitted. His products are American; these, if not so good as the best of those made in Europe, are at least not slavish imitations of them. The American did not stoop to pass off his wares as of foreign origin. He was too conscious of his own ability, too proud of his country, to suppose that the product of an American factory would be more highly esteemed in the United States if he engraved "Manton" or "Mortimer" on the lock-plate of his guns and put "London Fine Twist" upon the barrel. Original enough to produce artificial nutmegs, he had no use for the name of a maker dead long enough to be forgotten, and so in the United States the practice of forging makers' names, imitating trade-marks, falsifying origins, and dealing in spurious weapons has not obtained to any considerable extent, and in the fire-arms industry is almost unknown.

In the course of time the authorities became commercial purists; the United States Customs has declined to admit Belgian guns bearing a London address, and has done much to stop the trade which was being done by dealers in spurious manufactures which were imported from abroad.

The growth of commercial conscience amongst American citizens is interesting to behold. At one of the Chicago Congresses held in 1893, a number of honest resolutions were agreed to unanimously. Such as, for instance: "That a mark connected with a false

indication of origin be considered contrary to good morals," and "That a trade-mark valid in one country shall be valid all the world over." Finally, it was moved by a German, "That the culpability of dishonest competition be universally established and efficiently enforced in the wide field of industrial property," and this too was adopted. The United States has done much to engender a commercial conscience, and we have reasons for believing that the Americans will not be later than certain Europeans in putting the excellent precepts of the Chicago Congress to the test of every-day practice in business. According to his lights, the American, the average citizen, is quite honest in trade. He thinks he is "white"; that he does not seem so to us is because his lights to our eyes have a yellowish tinge, a reflection perchance from the gold dollar and a certain section of the daily Press.

The true "whiteness" of the United States policy in trade is noticed when it is compared with that of other republics on the American continent.

America is the land of high tariffs. We think the duties of the United States high, but they are as but beginnings to the sky-scraping tariff walls of some of the South American countries. These countries manufacture nothing, or next to nothing, and so, having no manufacturers to protect, they endeavour to protect the dealers. For this purpose they have developed a petty, local policy of exacting municipal dues from commercial travellers; in this putting the territorial dues of South African colonies into a quite inferior class.

Argentina may be cited as an instance. This is a country into which British capital has been poured without stint to develop its resources; it is the land the meat comes from, the grazing ground of British beef and potted extracts; the country in which the British

capitalists are so much interested, financially, that as absentee landlords they object to a preference being accorded to the produce of British colonies over the wheat and the meat, the wool and the glue, of Argentina. That is the attitude of Great Britain towards the commercial welfare of the Argentine Republic.

In return for this fair dealing, Argentina does not accord preferential treatment to the products of Great Britain, as Canada does. In so far as the trade of fire-arms is concerned, the 30 per cent. less one-third duty of Canada is 62 per cent. *ad valorem* on a "fixed valuation" determined locally in the Argentine. It further encourages trade with England by imposing taxes on travellers, who must be licensed in each separate district or town, as though they were petty hawkers peddling shoe-laces. This is how they are taxed :—

ARGENTINE REPUBLIC.—Commercial travellers, whether selling goods in Argentina or merely showing examples and soliciting orders, must secure licences. The cost of these in the town of Buenos Aires and the national territories, as distinct from the other provinces of the Confederation, is $50 (about £3. 10s.) per annum. In the principal provinces the following licence fees are levied on commercial travellers:

	$		£	s.	d.	
Buenos Aires . .	50,	or about	3	10	0	p.a.
Jujiuy . . .	200	,,	17	10	0	,,
Salta . . .	1680	,,	136	0	0	,,
Tucuman . .	800	,,	68	0	0	,,
Cordoba . . .	600	,,	51	0	0	,,
Santa Fé . .	600	,,	51	0	0	,,
Entre Rios . .	600	,,	51	0	0	,,
Corrientes . .	505	,,	42	0	0	,,
San Juan . .	960	,,	81	10	0	,,
Mendoza . .	600	,,	51	0	0	,,
Santiago del Estero	500	,,	43	0	0	,,
Rioja . . .	100	,,	8	10	0	,,
Buenos Ayres . .	400	,,	34	0	0	,,

Monthly licences are issued in San Juan and half-yearly licences in Salta, whilst in Tucuman firms of an inferior class may obtain a licence for $400, or £34 per annum. (From information supplied by the Intelligence Department of the Board of Trade.)

The English gun manufacturer who would try to ascertain the requirements of the market would have to pay £638 in municipal taxes for the bare privilege of attempting to do business in a country which some years does not import more than three to six hundred pounds' worth of fire-arms from the United Kingdom.

These travellers' taxes are in the interest of the local dealers, but the duties and prohibitions of the South American republics are so onerous that any trade in fire-arms is maintained with great difficulty; its volume is small, possibly never can be large. The countries on the Pacific slope are generally more liberal in their treatment of commercials, and their duties on imports are lower. In none of them has the English manufacturer an "inside track," or preference, such as the American possesses. In neutral markets therefore the British Government has been unable to obtain even most-favoured-nation treatment for English manufactures. Without such a fair field the English manufacturer is not likely to be able to hold his own against American manufacturers, who are nearer the market. With present conditions an attempt would be sure to fail, for the United States manufacturer intends to dominate the markets of the American continent, where, in addition to natural advantages, his Government has secured for him commercial and political privileges also.

When the Panama Canal is open to navigation, it will bring the manufacturing New England states closer to the South American republics on the western sea-

board; this will be another blow to the commerce of England. Not only will the British manufacturer be menaced in these southern markets, but in all probability it will affect British trade with the islands of the Pacific and possibly with the empires of the Far East.

The provisions of a recently passed Pure Foods and Drugs Act show that the United States is in earnest, not only to protect its own citizens, but to appear before the world as the home of honest manufacturers. If thoroughly and fearlessly administered, this Act will succeed. The United States is also very desirous of extending its foreign trade. Mr. Secretary Shaw, of the United States Treasury, has stated[1] that instead of 10 per cent. of the imports of the Orient and 12 per cent. of those of South Africa, he wants "the international trade" for the United States, as well as a larger share of the trade of South America. Mr. Shaw foresees that the wars of the future will be for markets.

> Last century saw great conflicts for territory; the present century will witness a bitter and gigantic international trade war between England, France, Germany, and the United States for the markets of the world. God grant that it may be bloodless, but it will be just as intense and as hostile as any that has gone before.[2]

Expansion is the key-note of American commercial policy; increased production necessitates an extension of markets, and the competition of the protected manufacturers of the United States cannot be met successfully by a handful of unprotected manufacturers in the United Kingdom.

[1] Harvard, January 14, 1907.
[2] *Daily Express*, No. 2108.

CHAPTER XII

GOVERNMENTS IN BUSINESS

THE true function of Governments is the ordering of the business of social life. The object of every Government is the welfare of the State, and in order to secure this it must follow a policy which does not run counter to natural law and is in harmony with the spirit of the time. A Government must develop as the life of citizens becomes more complex; must be able to perform other work than that to which Governments of the past were accustomed to limit their activities, or the State it directs will decay and disappear. "Inferior organisms succumb and perish, or are enslaved. . . . . Superior organisms survive, propagate, and *possess*," is Darwin's interpretation of the law of nature. Governments are but organisms, even as man is.

Races, nations, peoples, have been, and may be, inclined to militarism, agriculture, industry, commerce, and lotus-eating. The purely fighting races tend to extinction, for they exterminate each other. Greek fights Greek: Spartans and Macedonians alike perish. History teaches that the less warlike peoples persist longest: it has been so in the past, is so to-day. A hundred dominant races have ruled Egypt; the enslaved fellaheen are the only permanent occupiers of the soil. Mohicans and Comanches, with all their like, have disappeared from a continent where Root-diggers and Eskimo still exist.

And extremes meet; nature has no more use for lotophagi than civilisation has for wholly predatory warrior races, whatever their colour or creed. Between the two extremes are all the peoples who count in the world of to-day. Each race is leavened, more or less, with the fighting instinct, at present dormant, but liable in response to stimulus to predominate and cause a whole nation to rage in the fury of a predatory war; leavened too, the civilised and barbaric alike, with a natural yearning for ease, indolence, rest, and other tendencies to degeneration. For in the individual the fighting instinct is naturally inherent as necessary to self-preservation, and love of ease is a natural result of *be*-ing. In the mass—that is, the nation, or race, or mankind—the opposite impulses vary in degree and must predominate alternately to allow of progress, whilst the desire of all just Governments is to maintain an equilibrium. Civilisation is at constant war with nature; in nature there is an equipoise of opposites alternating, thus an equilibration, but never the stagnation of perfect equilibrium.

The genuine fighting races destroy each other; the lotus-eating peoples all perish; and those remaining, the agricultural, the industrial, and the commercial races, are comprised in two classes—the producers and the non-producers.

Great Britain has been the first, and still is one of the chief, of the producing countries of the world. She attained supremacy not by her agriculture, her mineral wealth, her ability to act as carrier and broker for other nations, but by exploiting superior facilities for the production of marketable commodities.

Trade and industry are distinct and dissimilar. Trade is an interchange of commodities by which A gets what A wants from B, by giving B what B wants

and A does not; or vice versa. Industry is productive employment; the utilisation of labour to obtain raw material, or the exercise of art to convert such material into foods, wares, and goods. Industry is the basis of trade, trade is the complement of industry.

This distinction is elementary, but important; were trade and industry identical, an increase in Britain's commerce might be regarded as an indication of growing national prosperity, whereas it is nothing of the kind, since it is to her manufactures that Britain owes her great wealth.

A cursory examination of the rise and progress of England during the nineteenth century, will suffice to show that the inventions of Arkwright, Compton, Dalton, Earnshaw, Hargreaves, Stephenson, Watt, and many others gave such an impetus to England's export trade as ensured her immediate supremacy in international commerce. Which supremacy depends directly upon the maintenance of British manufacturing industries.

No purely trading community has endured long. In antiquity the Phœnicians, the Greeks, the Carthaginians, and the Arabs each in turn had their day. Later, the Venetians, the Genoese, the Spaniards, the Portuguese, the Dutch, and the once all-powerful Hanseatic League, have each for a brief period been greatest amongst States because of their trade, but lost their supremacy with the decay of their commerce.

The vital difference between industry and commerce is found in the resulting economic quantities. Industry is always the more profitable to the State. For instance, suppose labour produces from the coal and iron dug out of the earth, and the timber felled upon its surface, guns valued at £100. Those who have produced the guns employ a middleman to effect an exchange; this

merchant obtains for the guns a quantity of tea from China which the Chinese growers and the English gunmakers agree is worth £100; the gunmakers get nine-tenths of this quantity, or value, for their guns, and the merchant retains one-tenth as his profit. The State, England, is poorer by £100 worth of guns, which cost the State nothing, as labour is the only capital used, and richer by £100 worth of tea. In commerce, the merchant takes £100 worth of guns from Belgium, sends them to China, and the Chinese send the Belgians the same quantity of tea they sent to the English gunmakers; the merchant gets one-tenth of this tea, the Belgian gunmakers nine-tenths. China is neither the richer nor poorer by the transference of the trade from England to Belgium. Belgium is richer by £90 worth of tea, and England by only £10 worth. Thus, as the English gunmakers have not produced guns, England is £90 the poorer by the trade having gone to Belgium. And the greater the value of this international commerce—which substitutes a commission or percentage for the principal—the greater is the disparity in the profits to the State. If all the English gunmakers, instead of producing guns, became traders, producing nothing, but exchanging Belgian guns for China tea and other commodities, the volume of British trade would have to increase at least tenfold for the benefit accruing to the State to be equal to that from the exchange of £100 worth of English-made guns. The difference in the economic quantities resulting from manufacture and from trading is so great that States can afford to protect their productive industries by bounties, heavy tariffs, and other adventitious aids; in most cases it is profitable to do so.

Commerce cannot make good the losses sustained through the decay of industries; it is because the out-

put of manufactured goods is not increasing that the prosperity of the British Empire is threatened.

One of the unforeseen results of the free-trade policy of Great Britain is the impetus that policy has given to British commerce without a corresponding increase of prosperity to productive industry. Shipping and other trading interests are aided by free trade; under its shelter new commercial enterprises have originated and developed, whereby foreign nations profit to a greater extent than do the English people. For instance, an enormous mercantile marine has come into existence; it is engaged chiefly in conveying foreign produce to and from foreign ports. The ships are largely manned by foreigners, and too often differential freights are made against English goods carried by British ships, even when voyaging to British colonies. To protect this mercantile marine Great Britain has provided and maintains an enormous navy, for the expenses of which British manufacturing industries are most heavily taxed.

Moreover, whatever precautions Britain may take, whatever additional expense she may incur in bolstering up this international commerce, the trade is not, and never can be, regarded as secure. Not only a disastrous naval war, but many peaceful developments which are beyond British control might divert this trade, and entail the financial ruin of the State if it were dependent solely upon the commerce of the country.

A free port anywhere between Brest and the Skaw would draw traffic from London and from every port in the United Kingdom. The future great entrepôt of the west will be on the mainland, and in direct communication with that mighty network of railways which will soon connect all countries between Spain and Kamchatka. To conceive that it can be permanently situate in this island is as difficult as to imagine

Cowes or Ryde, with the Solent still unbridged and untunnelled, the chief receiving and distributing port of Great Britain. More, one must ignore history, even so recent a case as that of Victoria, B.C., and Vancouver. Unless England is prepared to seize the mouth of the Scheldt and raise there a new and greater London, the idea of British commercial supremacy being maintained when wholly dependent upon trade must be abandoned. (*To-morrow*, Vol. III, p. 204.)

But even supposing that the carrying trade remains in English hands, is there any real cause for exultation? Has the great British Empire no higher destiny than to become the world's Pickford? A national policy which would rank *that* as its highest achievement does not commend itself to a true patriot—a man too proud to regard Britons as simply the hewers of wood and drawers of water for races far and away their inferiors in the arts, crafts, and all manly pursuits.

It is not that the carrying trade is of no importance, only that it is not of the first importance. The staple productive industries of Britain should take precedence. Even that minor industry which has been treated at length in this book cannot disappear from this country without grave danger to the empire. For it is the weapon makes the man: that has ever been so in the past, it is so to-day. Superiority of weapons ensures supremacy. The destinies of empires are not determined at Westminster or in the Wilhelmstrasse, but at Essen and Elswick.

Is it necessary to point out that the advantage of a weapon which would kill at a distance enabled David to kill Goliath? The Macedonian phalanx—a combination of arms to constitute a new engine of war—vanquished the eastern world. The short Roman sword, far more deadly than the cumbrous war-clubs of

the Goths, conquered the west. The English long-bow won France for Henry V, and, as all readers of Stevenson's *Wars* know, the superiority of their artillery enabled the French to drive the invaders out of the country. Joan of Arc was burned at Rouen; the artillery remained, and the gunners drove the bowmen from Normandy and forced them to retreat across the Channel. The fire-arms industry established in London by Henry VIII allowed of England's expansion during the reign of Elizabeth. What is more, the guns Elizabeth sent to Russia stayed the Tartar invasions and brought Siberia under the dominion of the Tsars of Muscovy. The Parliamentarians owed their successes to their good, Birmingham "O.C." blades, and the care they took to keep their powder dry. But for Birmingham arms the Jacobites might have succeeded. The two million muskets supplied by Birmingham enabled England and her allies to wage a successful war against Napoleon later; British arms conquered India. But for its western weapons Japan would not have worsted Russia in the Far East.

To these facts of history it may be objected that it is the man behind the gun who counts more than the weapon. The English soldier is as good as ever he was, but he was as good in 1880 as in 1900. In the period between the battles of Majuba Hill and Paardeberg, the Enfield small-arms factories were placed under the superintendence of a private gunmaker, with the result that when Briton and Boer next met in combat the English linesman was as well armed as the Boer farmer. Had the earlier English Governments done their duty, the advantage of superior weapons would have been on the side of the English always instead of once with the civilian combatant in the wild waste lands at the other side of the earth.

If past experience is of any value as a guide to future conduct, the maintenance of the weapon-manufacturing industry should be the first care of every English Government.

Notwithstanding all that the Birmingham gunmakers have done in the past, notwithstanding the pre-eminence they have achieved in the present as manufacturers of the best fire-arms in the world, their factories are half empty, many of the skilled hands are unemployed, and their output is less year after year; whilst British subjects in every part of a vast empire purchase foreign-made guns in ever-increasing quantities. If Birmingham gunmakers, possessing as they do unrivalled knowledge of their craft, with the best skilled and most highly trained artisans at their disposal in factories equipped with the best machine tools, cannot find enough work to do, the fault lies not with them, but with either Birmingham or the State.

From the political standpoint, it is of vital importance that the fire-arms industry shall thrive somewhere in the empire. If Birmingham is no longer the economical point, the centre must be found elsewhere; but the choice of a suitable spot cannot be determined easily. The separate attempts made to manufacture gunpowder in South Africa proved futile owing to the interference of the colonial authorities; a well-intentioned endeavour to manufacture fire-arms in Australia was also unsuccessful. Canada offers more solid inducements than other colonies; but to start the industry there is only to defer the day of reckoning for the empire, since sooner or later Canada will, in all probability, enter into a commercial union with the United States. Whether the centre of the fire-arms industry will be in England, the colonies, or abroad, rests not with the English gunmakers, but with the State.

It has been shown already why this is so. The statistics of production show a constantly diminishing output at Birmingham, which indicates the decay of the industry in England; and a largely augmented corresponding output at Liège indicates the increased prosperity of the industry in Belgium. The exports and imports of the various manufacturing and other countries show that the export trade of the United Kingdom in fire-arms is decreasing, whilst the quantities imported for home consumption are increasing. The two items conjointly indicate that as the manufacturing output diminishes, commerce declines; in other words, the country which ceases to produce cannot by the free imports and exports of foreign manufactures maintain the volume of its international trade.

A period of commercial depression, or bad trade, is a natural sequence of diminished output, not the cause of it. A period of increased productive activity precedes a term when business is brisk, just as good harvests and heavy yields stimulate trade.

Commerce, whether national or international, is conditioned by legislation, and the causes of the decay in the British fire-arms industry have been attributed to legislative interference with production, distribution, and sales. The reasons which have been adduced in support of this contention include:—

(1) The laws of England, which render production costly and unprofitable, an economic difficulty due to national and municipal extravagance.

(2) Home legislation; which is constantly adding to the burdens of the manufacturer, disturbing the relations existing between masters and men, and restricting the liberties of all classes.

(3) By imposing taxes, requiring licences and certifi-

cates of registration, and the multitudinous regulations, the Government restricts trade in home manufactures in Great Britain and prevents the export of English-made goods.

(4) There is too great legislative interference with personal liberty: every year new offences, if not fresh crimes, are created by parliamentary statute.

(5) In manufactured goods the free-trade policy of Great Britain favours the middleman's commerce at the cost of the English producer without a corresponding benefit to the consumer.

(6) The existing Patent Laws encourage the inventor, whatever his nationality, to manufacture abroad and sell the products of his invention in the open markets of Great Britain.

(7) Foreign tariffs have closed particular markets to certain British manufactures, whilst British legislation favours foreign manufactures and tends to ruin British manufacturing industries.

(8) The British Government has made no serious attempt to preserve any market at home or abroad for British goods, whilst foreign Governments have been intent upon finding and maintaining protected outlets for the produce of their countries.

(9) Belgium has all the advantages of Great Britain in Britain's markets without any of Britain's disadvantages in bearing the cost of maintaining a navy to police the seas, protect commerce, and keep the markets of the world open for Briton and Belgian.

(10) Special regulations have forbidden the sale of British products in India, whilst permitting the importation and sale of the same types and classes of goods of foreign manufacture.

(11) The seizure and confiscation by H.M.S. *Lapwing* of British goods whilst in transit was not only a

direct blow to British industry, but damaging to British commerce and a distinct gain to the industries, foreign trade, and commercial prestige of Germany, and an admission of the inviolability of German rights and of the protective power of the German flag.

(12) The governing class in Great Britain, dissociated by class distinctions from the producers, neither understands the needs nor advances the interests of those engaged in the manufacturing industries of the country.

Beyond the identification of the causes of decay it is not the immediate province of the authors to inquire. Nor do they intend to comment upon the necessity or otherwise of this and that law, the advisability of one particular policy and the impossibility of another, except in so far as such enactments and policies affect the manufacturing industries of their country.

Taking the causes in the order they have been set forth, the first group (Nos. 1–4) is seen to consist of various additions to the cost of producing, distributing, and marketing English manufactures. There has been a flood of legislation, and there are no signs that it will cease. The imposition of further enactments is regarded with dismay, not only by manufacturers, but by the general public. In the spring of 1906, when the programme of the Government then elected to power was discussed, there were expressions of relief from groups of all sorts and conditions of people when it was known that "for the present there would be no legislation specially affecting (their) interests." In the expression of this relief the newspaper Press of the party in power was as sincere as that of the Opposition. People do not want more law, but less. The most useful work a British legislature could do would be to repeal the useless and mischievous laws; then to

amend and codify the remainder, so that the average person might learn the laws of his country, and not be forced to inquire what they may be of several different classes of professional men, for no lawyer now knows the whole of the law.

In the next place, every additional law is a further encroachment upon individual liberty; class legislation is the imposition of a penalty on a few by the command of many. Offences are multiplied; to conduct any business legally is becoming increasingly difficult and correspondingly costly. The greater the number of laws the greater the number of people required to enforce them, and the proportion of non-producers to producers is therefore increasing.

British administration is good in the sense that it is thorough, but it is extravagantly dear—far more expensive than that of any other country, savage, corrupt, or civilised.[1] The great army of civil servants is numerically greater than the army of soldiers. Judges are paid more highly than generals, and some city officials receive higher salaries than some judges. The law is so complex that a highly trained specialist is necessary to pilot the affairs of a municipality through its intricate mazes; the cost of all, both that incurred in creating the difficulties and erecting the obstacles, as well as in providing means to evade one and surmount the other, is enormous, and is paid ultimately by the artisan, the labourer, and other producers of wealth. Some laws and by-laws are occasionally impracticable, and thus the law generally is brought into contempt. Moreover, it is becoming cheaper to admit guilt than to prove innocence. By experience the

[1] Compare the cost of governing the Transvaal under President Kruger's "corrupt oligarchy" and under British rule; the ratio is 2 to 5.

manufacturer finds out that it is better business to pay forty shillings for allowing smoke to issue from his chimney than to expend sixty to prove that an inspector was mistaken, just as a motorist finds he is fewer pounds out of pocket by not disputing a constable's word than he is by proving that the car's speed indicator is correct and the policeman's stop-watch untrustworthy.[1] Again, a policeman grilling his breakfast bacon dropped it in the fire and thus set the chimney ablaze, for which he was summoned and fined. Under another by-law a poor woman hastening home with a bottle of medicine tripped up and, falling, broke it, and was then summoned for putting broken glass on the thoroughfare. This is as bad as Russia, where the mate of a steamer on going ashore at Archangel was robbed of his watch before the very eyes of a policeman; the thief was not caught nor the watch recovered, but the sailor was summoned, and not only had to pay the duty on the watch, but was fined for introducing it into the country without having previously paid the duty. In Great Britain law and justice have long since been divorced and people are beginning now to be aware of the fact.

The authorities themselves can do no wrong. They may pollute rivers with sewage effluent,[2] or put a gas tank between a convalescents' hospital and the sun;[3] the London County Council may even place its electric supply station on the meridian of Greenwich and run

[1] The *Chauffeur's Blue Book*, 1906, publicly advises motor-car drivers not to defend themselves against a police accusation; that is, recommends them to accept injustice rather than attempt to secure justice, or their rights as free men.

[2] The litigation between Lord Norton and the Birmingham Corporation for the pollution of the Tame lasted twenty years, and ultimately the corporation prevailed.

[3] Birmingham "Omnibus" Bill, 1903.

up its smoke-belching chimney-stacks between the world's leading observatory and the Polar star.

When an individual or private company wishes to supply the public with motive power, a tramway, a theatre, or to effect any profitable improvement, there is usually opposition, and to obtain the permission the promoter must spend more legally in getting a special Act or authorisation from this body and that, than would pay for ten such concessions in a derided, corrupt, eastern country, where there is only a kadi, a chinovnik, or a mandarin to be convinced that the proposed venture is for the public benefit. And whether it be the man or the State which opposes and whichever party wins, the cost of creating the opposition as well as of overcoming it is generally borne by the public in the end.

It is the foible of every public body that the public can do anything more cheaply than the private individual or company. As a matter of fact, all municipalities and most public bodies are so terribly overweighted with establishment charges and an expensive staff of non-producers, that whatever they do, from street-sweeping to steamship management, is excessively costly. And this is particularly the case in England, where it is believed that the lowest priced is not the cheapest. Public undertakings are invariably overstaffed. Thus it happens, as shown in chapter v., that to fire off a gun and look at it costs on an average threepence at the Birmingham Proof House and only one penny at Liège. It does not follow from this that the private manufacturer has to pay thrice as much for the work he gets done as the Liège manufacturer does. The difference is between the cost to the private individual working for a profit and the public office which does not work for one. The English

municipality is not above entering into competition with its own manufacturing ratepayers as a producer. It borrows capital at a lower rate than the private manufacturer can; it undersells the manufacturer in his own local market; and it makes good its losses out of the rates towards which the manufacturer contributes. That is to say, he is taxed to support unprofitable competition against himself.

The attitude of the British Government, and of the local authorities under it, is one of general opposition to every innovation. If a private individual persists, then his enterprise is assessed to its limit; a manufacturing industry is hampered by all sorts of restrictions, and the employer is regarded rather as an enemy than as a friend and benefactor of the people. In the United States of America, and in some European countries, notably Austria-Hungary, special facilities are afforded those establishing productive industries. A site is given free; the manufactory is exempted from all local taxation for a term of five, ten, fifteen, or more years, and the municipality will often subscribe capital if a joint-stock company is intended. In this way manufacturing towns grow and productive industries thrive abroad, whilst in this country they cannot live. Some British manufacturers have availed themselves already of the invitations foreign authorities have extended, and more will do so if English policy does not change. Any increase in taxing production by graduated income-tax, rated machinery, and taxed land values will lead to further decay in British industries. Companies will do as the Kodak Company did—register themselves where no income-tax can be levied on their profits.

The restrictions, the taxes, the rates, the many drawbacks to which manufacturing is subjected, force

people to become mere middlemen and dealers when they would more willingly be producers. There are very few articles in the production of which labour enters largely but can be manufactured more cheaply abroad than in England. Such goods may be imported without paying any duty whatever. The dealer therefore is in a position of considerable advantage. If a manufacturer, he would have to buy raw material; it is just as easy to become an expert buyer of finished goods. Instead of a huge factory, entailing the thousand and one terrors of manufacturing, exposing the owner to labour strikes, heavy assessments, and keen competition, there is a compact warehouse or shop, a little unskilled labour, a few book-keepers and salesmen; less risk, less worry, easier direction, and greater profits. There is not any big manufactory in England to-day which returns year by year as large a yield on the capital invested as is made by the great retailing establishments. The laws of England have rendered manufacturing less profitable than dealing. The free-trade policy favours the middleman only; the prices to the consumer are not less because the goods imported from Belgium cost nineteen shillings and ninepence instead of the twenty shillings they would have cost the dealer if obtained from Birmingham. The pity is that the goods which are best worth manufacturing in Great Britain are those least worth having, such as quack remedies and useless toys.

Modern competition has caused a reversion to an older sort of protection—that of the obsolete guilds. Railways pool traffic receipts, manufacturers form a trust, to protect themselves from competition. Endeavours are made to make a close corporation of many industries, trades, and professions. Gun dealers wish to be licensed like chemists; barbers to be certificated

as plumbers are; nurses, accountants, pilots, patent agents, have each hedged about their sept so as to exclude free labour, limit increase, and maintain union rates of remuneration. There is in this nothing to the advantage of the public, save that the workers are "qualified,"[1] but if manufacturers proposed by trusts or import duties to advance prices there would be a loud outcry against an attack upon the rights of the consumer.

Where restrictions by incorporation have been found impracticable it is sought to institute some other qualification: there is entry by scholastic examination; or the employer or the corporation may require that the novice have a university degree, the diploma of some society, a "pass out" from some institution, be so big, wear no whiskers, or "pay a footing"—all are artificial and arbitrary restrictions negativing anything and everything like free trade and open competition.

Governments cannot ignore this tendency, nor can the British Government ignore that the yearning for class protection results from the fact that there is not enough work to go round. That it is far keener amongst the non-producers, where it is less to the public benefit, than it is amongst the foreign-competition-ridden producers, for whom a measure of protection is desirable.

The evil wrought by the existing Patent Law is well known, and the general public may judge of it from the fact that, whereas years ago English goods and English methods led the world, for some time past British manufacturers have been adopting American

[1] Only in the sense of being authorised, not of being competent. Any one may become a "qualified" driver of a motor-car by paying for a licence, but its possession is not proof that the holder can drive a 60 h.p. car through London without danger to the public, but only without molestation by the authorities.

methods and following American models in even such staple goods as watches, boots, lawn-mowers, and locks. A wise Patent Law would have required that American inventions should be exploited in this country at the same time as in America. This remedy is a matter well within the domain of practical politics. The English manufacturer asks no other remedy than has been freely accorded in almost every other country. The free trader even cannot object that things which are not yet invented shall be manufactured in Great Britain as soon as in other countries. The patent fees are still too high, and it is ridiculous that whilst a British subject who writes a few lines of verse or prose has the monopoly of producing them for forty years or more throughout the whole of the British Empire, the man who invents or discovers anything patentable must pay in taxes more than £1600 for patent registration—misnamed protection—on condition that in fourteen years or less his invention becomes public property.

The wrong is so glaring, the mischief wrought so real, the result so obvious, that it seems scarcely worth while to labour the point of faulty British patent legislation. Everybody knows of articles patented and sold in this country, but manufactured only abroad. Everybody knows the remedy, but legislators wilfully refuse to apply it—which is all part and parcel of the British principle of ignoring the claims of the originator and inventor whilst recognising those of the middlemen. Even patent agents have received a charter of incorporation, but there is no protective society of patentees, or of inventors, who need more than any the cumulative power derived of association. Hitherto the working of patent legislation has affected most seriously the numerically smaller industries of Britain; sapping the

strength of the nation by hundreds of inconspicuous small wounds variously inflicted, instead of striking openly one crushing blow. The just claim of invention to legal recognition is generally admitted; the neglect to confer adequate protection is a cause of decay, not only of this particular industry, but of many. Those who doubt, if any there be, have only to read what has appeared on the subject in technical journals. Those who prefer to gain a knowledge of facts from a more interesting presentation of them in the guise of fiction will find in the *Warstock*, a romance of invention published a few years ago, the chief difficulties of the inventor summarised, and an indication of what may possibly result from the secret exploitation of undisclosed, that is of unpatented, inventions. In fine, so much has already been written on and around this anomaly in British law that nothing new remains to be written.

Ten years ago a reform such as indicated in chapter IV. might have accomplished much for British industries. It is now too late to suppose that any such simple measure will suffice to resuscitate those manufacturing industries which are already moribund, but without such a remedy it is impossible for any great industry, or any revived industry, to flourish anywhere in the British Empire to the extent it can under the more favourable conditions obtaining abroad.

The detrimental effects of foreign tariffs upon the manufacturing industries of England are indicated in chapters X. and XI., and the details are obtainable from Tables X to XX. The tendency is towards closing the same markets to other British goods; and when a chamber of commerce petitioned the Government to use its good offices in obtaining such an adjustment in a particular case (Switzerland) as would admit of

business being continued, the answer was the amazing admission that the British Government was "without influence" in the matter.

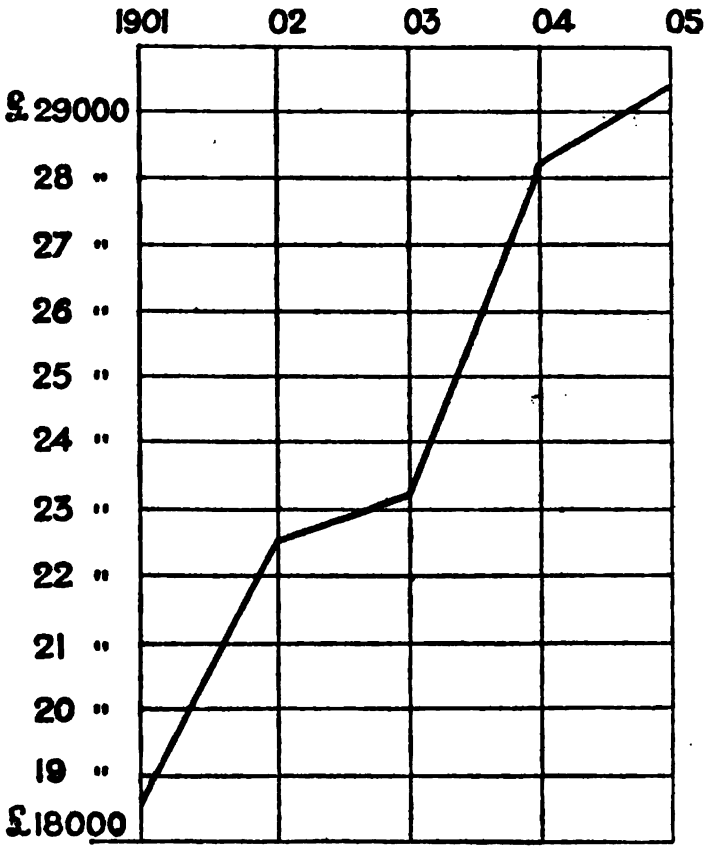
The British Government has never made any serious attempt to reserve any market for British manufactures; never to obtain more than what it believes to be the most-favoured-nation treatment, though how unreal this treatment is has been shown in chapter XI.; and whilst, as shown in chapters X. and XI., other Governments have spared no endeavour to get a well-protected market for their nationals, and maintaining the same conditions in neutral markets as are accorded to Great Britain, English manufacturers have for many years been selling in markets becoming more constricted year by year.

It is difficult to understand the political relationship of Belgium to Great Britain. By treaty Great Britain guarantees the independence of Belgium without receiving in return any economic consideration. Belgium has favoured-nation treatment in the British colonies, with the exception of Canada and South Africa, which have had the independence to refuse the same terms to a foreign country as they are prepared to give to England. Belgium needs no fleet, and this saving alone is sufficient to enable Liège to produce more cheaply than Birmingham. How real this saving is may be seen from the following comparison of some items of national expenditure :—

COMPARATIVE EXPENDITURE OF ENGLAND AND BELGIUM FOR 1906

	England.	Belgium.	Ratio.
	£	£	
Royal Family and Domains . .	1,267,568	148,000	One-eighth
Army . . .	31,559,638	2,172,000	One-fifteenth
Navy . . .	36,889,500	Nil	—
National Revenue	173,000,000	20,031,620	—

Belgium has about one-seventh the population of Great Britain, and her expenditure to be equal ought to be one-seventh, but in the one item of defence, it is less than one thirty-second. This means that the Belgians



IMPORTS FROM BELGIUM INTO THE UNITED KINGDOM

instead of paying for defence as much in seven years as the English do in one, do so in about twenty-seven and half years. The Belgian, therefore, is not so heavily taxed. Belgium owns her railways, which bring in revenue, instead of a fleet which is a drain on

the exchequer. England imports more from Belgium than she exports to that country, not in order to benefit Britain, but because the goods are cheaper and consequently it is more profitable to import them from Belgium than to make them in England. They are cheaper because Belgium is not so heavily taxed as England, and as long as free trade continues, and water-borne transport is the least costly of freights, Belgium will tend to become more and more the manufacturing annexe of Great Britain.

The statesmanship of this policy may be questioned. If the independence of Belgium is to be maintained by Great Britain,[1] then a portion of the cost of so doing should be charged to Belgium, and the sum might be collected by a duty upon all Belgian produce imported. This might make Belgian produce sold in this country somewhat dearer, but the burden could be so adjusted that the Belgian producer selling in the British market contributed about the same as the English producer has to contribute. That the English producer should be taxed to benefit a foreign country whose inhabitants are his most keen competitors, not only in all neutral markets, but in his own home market, is bad statesmanship.

In the final group (Nos. 10, 11, 12) of causes the first two, being isolated instances of Government interference, must be regarded as symptomatic of the state indicated in the last cause. The Order in Council prohibiting the introduction of goods into India if they were such as the English made and used, but allowing the entry of similar goods of foreign pattern and manufacture, was probably issued in ignorance, and it cost

[1] The independence was guaranteed by Great Britain, France, Prussia, Austria, and Russia, conjointly at the London Convention of 1831.

the British manufacturing industries a loss of several hundreds of thousands of pounds only. The danger lies in its continuance and repetition; but a closer intimacy between the commercial and political branches of the executive may prevent the issue of ill-considered prohibitions of British manufactures in any and every British dominion.

Of that policy which instigated the Persian Gulf seizure it is impossible to write in terms too strongly condemnatory. No surer way to stamp out British trade and enterprise could have been devised even by a foreigner. The order was issued in secret, like a command of the corrupt Venetian Republic in its decadence; as Mr. Justice Grantham declared, "a trap was deliberately laid" for the English merchantman, and here was eastern guile instead of English fair play. The merchantman was stopped by a British warship, and part of her cargo was seized and confiscated—the warship acted like a pirate or the merchantman like a smuggler's lugger. Yet it is proved that both were within their rights. Never has it been shown so shamelessly that "might is right" and that "the King can do no wrong." For if it were right to confiscate British goods, it was equally right to confiscate English goods of the same kind when they belonged to a German. These German-owned goods were at once released, not, of course, to please the power whose predatory police-duty the British navy was performing, but from dread of the consequences. The English could be bullied, the Germans could not.

On which of the playing fields of Eton did this policy originate? Why is the affair still an inscrutable mystery? Every one has a reason for going this way rather than that, and there must be somewhere in the British Government some official who knows which

fool it was who is responsible for the blunder, or the sapient genius entitled to be credited for an act of recondite policy. Surely those who lost by this seizure, those who had worked hard to wrest the trade from the foreigner, are entitled to know in what way they did wrong, to know what British interest was served by sacrificing their property and trade, and why the trade was taken from them and given to Germans by the English Government? The longer the secret is kept, the deeper will be the distrust of the manufacturer and trader for the British Government and its officials. The laws of this country, the Judges of the High Court, British juries, and British public opinion are on the side of the aggrieved manufacturers and merchants.

Whoever may have been answerable for the act, and whatever may have prompted the policy, it is certain that the Persian Gulf seizure clearly indicates that the governing class neither understands the needs nor advances the interests of those engaged in the manufacturing industries of this country.

For centuries the members of successive Governments have been chosen chiefly from members of a certain social class; have consisted chiefly of men who spurned trade, commerce, and industry as derogatory to themselves and their associates; men who believed that their special gifts, their wealth, or their relationships, entitled them to a share in the direction of the affairs of this country—a country which is peculiarly industrial and commercial in its essence. The result has been that industrial interests, the interests of the humble toiler who produces wealth, have been sacrificed to all other interests. The financiers, the minor capitalists, the bankers, the merchants, the international traders, all have been admitted to a voice in the direct

government of the country before any of the industrial class were admitted to its secret councils.

That is a reason of decay in British industry.

Other countries have their class distinctions, but other countries have not all been so unwise as to leave the direction of purely industrial and commercial policy to men who scorned all connection with trade and traders. An industrial country should be governed, or at least its leading commercial policy should be directed, by men of business, by men possessed of practical experience in producing the wealth of the country, in exploiting its natural resources, and in extending its foreign commerce. There need be no fear that such men will not know what they want, nor be unsuccessful in finding the means to secure their object.

If the supremacy of Great Britain is to be maintained, the country must be governed on business principles. A knowledge of business is not engendered by a desultory study of ancient Greek in youth or the cultivation of golf in age.

The study of economy may be left to the professional politicians, but the practice of economy must begin at home and commence at once in every Government department. The commercial side of the British army is disgraceful, and its methods would shock a Judge in the Bankruptcy Division; army officers know no more of business than a hog knows of side pockets.[1] The spending departments must be put into the hands of men who know the difference between profit and loss, and how to make one and avoid the other.

The Government must go into business, not in a dilettante fashion, but seriously. Let the Government

[1] In 1906, after the publication of the War Commission Report, sound horses were sold as surplus mounts after the autumn manœuvres at £5 each, the purchasers reselling at market value.

regard the empire as a going business concern, and let them try to run it at a profit. Let them ascertain what this country can produce, and how its produce can be marketed to greatest advantage. Let them try to live not on the fines they impose upon their work-people, but on the profits they make from sales to the foreigner. How many of the present Government know how to set about the business? Be they many or few, let them find those men and ask their advice.

The wars of the future will be commercial wars; there is a keen struggle for markets, and the countries run by business men will win this war, a war which may last a hundred years.

If Britain is not to be vanquished quite early in the coming struggle, its methods of government must be changed, its policy altered. Contrast British methods with those of Japan, a country whose people are not less patriotic than the British, whose aristocracy is as old and equally proud, but whose methods in war, in business, and in various other walks of life are modern, and are models to be copied by the nations of the west if they cannot devise better.

This is the example for comparison of British and Japanese methods. In 1898 a commercial congress was held at Philadelphia to which both Great Britain and Japan sent representatives. The British Government seems to have pigeon-holed its representative's report, at any rate if it recommended that anything should be done, nothing appears to have been done by the Government. The Japanese commenced by establishing at Tokyo a Commercial Museum such as exists at Philadelphia, but it is kept up to the needs of the time by constant additions from all parts of the world, mostly contributed by the Japanese consuls abroad. But the Museum, or Commercial Department

for Foreign Trade, which is under the direction of the Minister of Commerce and Agriculture, occasionally sends travelling experts abroad to get information for the Museum. The new specimens arriving at the Museum are examined by experts, classified, catalogued, and made readily available to interested visitors and manufacturers, whilst all possible manufacturers are advised by the Government that such and such newly arrived specimens at the Museum are deserving their inspection. The work does not end here. A Japanese consul is expected to send to Japan specimens of all goods for which there is a demand in his consular district, providing that he thinks such goods could be made in Japan for the home market, or could be sold in the markets of his consular district. These specimens are brought directly to the notice of Japanese manufacturers by a Government official, who tells the Japanese manufacturer what the specimen is, how it is made, what it costs, what the selling price, what the freight, duty, etc., and if it is necessary the Government sends down to the manufactory men expert in foreign as well as in Japanese methods of manufacture, who help the Japanese manufacturer to make the new goods, instruct his workpeople in methods and processes, and place at his disposal all the technical knowledge possessed by the Government experts. They work together until the Japanese factory is able to produce similar goods at a lower cost. Then the Government helps the manufacturer to market the goods abroad through the Japanese consuls in all those districts where such goods are in demand. In addition to all this, whenever the Government expert, or a Government department gets to know of a new process, a more economical method of manufacture, or discovers by experiment in any of the Government

laboratories that which it would be to the profit of a particular manufacturer or class of manufacturers to know, a Government expert goes directly to those manufacturers and teaches them how to effect a saving in the methods of production, or to accomplish some technical work which has been beyond their capacity hitherto. These instructions are not printed; they are imparted verbally and with practical illustration to the parties interested, and no others.[1]

This is the sort of State-aided competition the English manufacturer has to face in the future. The successive Governments of England may help in the same way, but more likely they will consider they have done their part if they allow machinery to be assessed for local rates, increase the income-tax, feed some unemployed, and refuse steadfastly to consider all overtures from foreign States for reciprocal tariffs and preferential trading.

The business methods of Japan are practised to some extent by the French Government, and are likely to be copied by others as soon as they become known. The Japanese and the French avoid the mistake other Governments make of publishing to the world the results of experience gained in experimental laboratories, farms, etc., paid for by the State out of the taxes collected from the people. Oral instruction has superseded printed information, that the outsider may not profit by the knowledge gained at the expense of the State. This is the real technical instruction which, abroad, has now succeeded such technical education as English authorities provide.

Is there any hope that the British Government will attempt anything of this modern kind to benefit British

[1] Communicated to "Opifex" by two Japanese Government professional instructors at Tokyo.

industries? We fear there is none; what is more, the Government as for the past fifty years it has been, and is at present constituted, could scarcely succeed if a trial were made. The only experiment in a higher and wider education than that contained in the curriculum of the schools was the foundation of the Imperial Institute: a scheme not too well conceived and ill-executed, which became a colossal failure owing to the sheer inability of the directors to make it of any real practical use to the industrial and commercial classes. Its rooms are now used for the testing of British youth in proficiency in dead languages—which is hardly a means for uniting the empire more closely. The causes which wrecked the institute will wreck the empire.

They of the governing class in Great Britain do not understand the wants of the age. In November, 1905, Lord Lansdowne, then Minister of State for Foreign Affairs, gravely warned City merchants against trading in weapons of precision with foreign races, and pointed out that a responsibility would attach to those who armed uncivilised people with rifles. More than twelve months before this date our Japanese allies, finding themselves in possession of a Chinese treaty port, had at once imported thousands of rifles to trade off among the natives along the Mongolian frontier, whilst China was the very country to which Great Britain had most recently prohibited the export of arms!

The difference between the governing and the governed is deep-rooted, possibly ineradicable. It is in part due to class distinction. Those of the governing class do not learn until too late anything of the life of the industrial multitude. They associate with each other exclusively; their education is of a fossilised character, imparted by divines whose laudable object appears to be to make of each and every one an ideal

English gentleman—an excellent training for all who wish to excel in art, literature, and philosophy. At that none have a right to cavil so long as the government and the business of the empire are not entrusted solely to men of this class, who, however estimable in many ways, are not fitted either by training or environment to pilot affairs of State through the troubled waters of stormy commercial competition. Perhaps nature has no more use for gentlemen than it has for lotophagi. The modern English aristocrat may be able to hold his own in a scrimmage against hooligans on a race-course, or, when better armed, to vanquish Fuzzi-wuzzies in the desert, but in matters of business his innocence is childlike—some even still regard a tradesman as only a person who supplies them with goods to be paid for by their executors. In matters of business those of the governing class make too many mistakes. The most astute and successful of diplomats becomes an easy prey for City financiers; the army general is no match for the Jew contractor; scarcely a man of them but could be bested by a common money-lender, and not one but in a deal with a Moscow *kupets* would lose the shirt off his back. Such people make empire by accident and lose it by inadvertence.

And the great pity of it is that the governing class sets the standard of the desirable, so that it is the ambition of most to become as they are; thus many who could produce wealth for their country are content to handle it, and compete strenuously for employment by the Government, the municipality, or the parish—leaving agriculture, industry, commerce, and trade to the foreigner. In England no class has multiplied so greatly as the official class, and amongst no class of employees is more money per head divisible nor the sum divisible increasing so rapidly year by year. Soon

more money will be spent upon government, education, maintenance, and administration than is derived from the profitable manufacturing industries of the United Kingdom.

British statesmen seem to be blind to facts; they see figures without understanding their import, and affect to believe that the history of mankind is written in their Blue Books. Too many of them have been told, and too many of them have been taught, that free trade is the best policy for Great Britain—so they believe it. They ignore the fact that since its introduction upwards of 350 millions sterling has been spent in relieving the poor of England and Wales alone; that whereas other countries have occasional and local famines, want in this country is so chronic that £16,000,000 is raised annually to maintain those unable to get a living, and that the cheaper the food, the greater the number applying for relief. And do statesmen really believe that people can be loyal when from year's end to year's end they go hungry, and month after month tramp the streets seeking work? Is patriotism bred of poverty, want, misery, and seething discontent with such conditions as prevail in the Britain of to-day?

Do not blame us that we state what we know, and of these matters write what we feel. The English manufacturers have done their utmost; their efforts have been nullified by the legislature. The manufacturers suffer, but most of them, by their superior ability, are and will be able to keep themselves from absolute want, and their children can find a fortune in other lands. Not so their less able workpeople. The manufacturers can close their works—the day will come soon when they must close them for ever—they may transfer their capital and invest it where it will yield a profit; but there are manufacturers who do not possess

the callousness of a pagan or a politician, and so leave to destiny or fate what is their own personal burden. They cannot and will not desert those who are dependent upon them for their livelihood, just because the work they have taught them to perform has ceased to be profitable in the market of the world. Their destiny, and that of their people, depends upon the eyes of the rulers being opened to their pressing needs, that measures may be taken for protecting adequately the rights of the Englishman and ensuring the welfare of every one willing to work for his living.

APPENDIX

TABLE I.

BIRMINGHAM PROOFS.

Date.	Number.*
1813	21,525
1814	91,134
1815	127,431
1816	96,673½
1817	144,778½
1818	120,617
1819	84,568
1820	74,579
1821	65,954
1822	108,447
1823	113,324½
1824	171,295
1825	137,170
1826	81,955
1827	76,977
1855	264,477
1856	275,468
1857	302,670
1858	198,238
1859	250,922
1860	301,021
1861	380,781
1862	622,372
1863	460,140
1864	221,726
Total	3,277,815

* Pistols proved in pairs.

TABLE II.

LIÈGE PROOFS.

Date.	Number.
1820 / 1831	132,292†
1832	330,488
1833	296,857
1834	277,510
1835	336,612
1836	441,769
1837	294,098
1838	249,409
1839	222,562
1840	212,438
1841	267,604
1842	279,050
1843	252,829
1844	321,678
1855	714,490
1856	737,485
1857	742,519
1858	594,773
1859	589,296
1860	671,960
1861	681,652
1862	779,273
1863	763,097
1864	813,367
Ten years' total	7,107,312

† Annual average; details unavailable.

NOTE.—To this total at Birmingham must be added 978,249 Proofs at the Government Proof House, Birmingham, and 505,102 Proofs at Enfield (1858–64). For comparison with Liège add also 1,355,139 Proofs of the London gunmakers at their Proof House, which makes a total of 6,116,305, against the 7,107,312 of Liège, which includes all arms made in Belgium, both for the trade and in the State factories for the Government.

APPENDIX

TABLE I.—*continued.*

BIRMINGHAM PROOFS.

Date.	Number.
1880	638,070
1881	730,364
1882	771,597
1883	681,439
1884	694,035
1885	501,634
1886	459,052
1887	440,334
1888	460,211
1889	529,082
1890	520,949
1891	561,631
1892	379,086
1893	335,271
1894	299,273
1895	328,791
1896	324,898
1897	402,115
1898	392,939
1899	375,513
1900	390,268
1901	355,270
1902	376,788
1903	427,474
1904	304,969
1905	337,457

TABLE II.—*continued.*

LIÈGE PROOFS.

	Number.
.....	899,759
.....	1,058,212
.....	1,108,146
.....	989,018
.....	1,032,462
.....	840,085
.....	1,319,793
.....	1,492,063
.....	1,557,531
.....	1,799,028
.....	1,971,577
.....	2,052,985
.....	1,542,788
.....	1,666,410
.....	1,639,033
.....	1,786,206
.....	1,795,989
.....	1,712,800
.....	1,968,708
.....	2,238,326
.....	2,319,689
.....	2,322,621
.....	2,117,767
.....	1,938,470
.....	2,479,936
.....	2,682,111

TABLE III.

Date.	ST. ETIENNE* (FRANCE). Number.
1895	12,111
1896	13,105
1897	27,121
1898	29,213
1899	32,215
1900	35,634
1901	41,807
1902	46,309
1903	48,956
1904	66,143

* Proof is facultative, not compulsory.

TABLE IV (*a*).

EIBAR (SPAIN).*

Date.	Shot-guns.	Pistols.	Revolvers.	Other guns.
1889	31,338	46,031	56,370	4,458
1890	34,551	47,544	67,664	2,661
1891	39,004	51,257	65,434	1,345
1892	40,967	50,481	66,101	3,653
1893	48,174	46,587	69,395	3,886

* British Consular Report, Bilbao, 1894.

TABLE IV (*b*).

AUSTRIA-HUNGARY.

These returns do not include Buda-Pesth, nor Proofs of any military weapons.

Date.	Vienna.	Ferlach.	Prague.	Weipert.	Total.
1901	8,210	14,371	1,731	3,599	27,911
1902	9,647	15,183	1,514	3,065	29,439
1903	10,438	15,707	2,003	2,924	31,072
1904	8,836	17,358	1,722	3,399	31,315

TABLE V.

BRITISH EXPORTS.

	GUNPOWDER.		AMMUNITION.	
Date.	Pounds weight.	Value in £.	Price per lb.	Value in £.
1890	10,330,400	252,828	5·87	1,342,383
1891	11,224,400	274,394	5·87	1,145,020
1892	7,935,800	203,327	6·15	1,032,535
1893	7,665,300	194,277	6·08	1,014,614
1894	8,315,900	200,481	5·79	1,462,565
1895	8,046,800	181,507	5·41	2,074,358
1896	8,089,000	191,877	5·69	1,824,595
1897	8,920,600	201,999	5·43	1,334,352
1898	8,668,900	194,296	5·40	1,955,007
1899	7,923,600	180,366	5·46	1,665,937
1900	7,047,200	157,873	5·38	1,708,096
1901	6,865,712	171,599	6·00	1,985,963
1902	6,724,368	159,028	5·68	1,458,309
1903	7,152,208	170,546	5·72	1,658,481
1904	6,553,456	153,168	5·60	2,031,585

APPENDIX

TABLE VI. — TABLE VII.

EXPORTS OF FIRE-ARMS.

	BRITISH.				BELGIUM.
Date.	Number.	Value in £.			Value in sterling.*
1850 . .	235,144	236,331	—	...	197,316
1851 . .	252,569	219,206	—	...	238,430
1852 . .	189,776	184,700	—	...	218,373
1853 . .	261,002	272,853	—	...	312,810
1854 . .	237,679	211,374	—	...	382,555
1855 . .	187,023	163,284	—	...	358,758
1856 . .	224,696	288,677	—	...	408,893
1857 . .	310,763	477,855	—	...	415,537
1858 . .	223,718	325,543	—	...	396,962
1859 . .	171,529	168,297	—	...	400,116
1860 . .	272,948	358,361	—	...	475,678
1861 . .	315,509	513,361	—	...	716,187
1862 . .	702,254	1,573,706	—	...	919,298
1863 . .	439,122	856,009	—	...	765,176
1864 . .	254,451	348,859	—	...	654,352
1865 . .	291,035	424,860	—	...	—
1866 . .	268,092	349,847	—	...	—
1867 . .	331,716	496,119	—	...	—
1868 . .	488,352	795,613	—	...	—
1869 . .	308,634	364,655	—	...	1835.†
1870 . .	494,366	871,419	—	...	126,650
1871 . .	444,048	866,670	—	...	1840.
1872 . .	390,697	478,577	—	...	82,600
1873 . .	353,784	512,260	29·13	...	1850.
1874 . .	235,413	377,614	32·08	...	203,520
1875 . .	317,294	653,475	41·19	...	1860.
1876 . .	203,021	270,890	26·69	...	484,300
1877 . .	250,617	263,793	21·05	...	1870.
1878 . .	295,824	303,500	20·52	...	562,720
1879 . .	273,140	257,578	18·86	...	1880.
1880 . .	267,003	307,059	23·00	...	579,320
1881 . .	252,122	318,025	25·23	...	—

* Quoted by Mr. J. D. Goodman in *Handbook of Birmingham Manufactures* (1865).

† *Annuaire Statistique* (Bruxelles).

TABLE VI.—*continued.*

EXPORTS OF FIRE-ARMS.

Date.	BRITISH. Number.	Value in £.		BELGIUM Value in sterling.
1882 . .	229,134	323,212	28·21 ...	—
1883 . .	263,731	361,353	27·40 ...	—
1884 . .	304,425	390,911	25·68 ...	—
1885 . .	256,740	384,124	29·92 ...	—
1886 . .	164,615	305,851	37·16 ...	—
1887 . .	128,576	223,382	34·75 ...	—
1888 . .	147,335	234,091	31·78 ...	—
1889 . .	204,109	286,713	28·09 ...	—
1890 . .	184,078	273,280	29·75 ...	654,250
1891 . .	182,253	262,152	28·77 ...	—
1892 . .	131,722	228,620	34·71 ...	—
1893 . .	125,926	187,045	29·71 ...	—
1894 . .	132,284	207,744	31·41 ...	—
1895 . .	129,130	237,622	36·80 ...	—
1896 . .	186,068	459,147	49·35 ...	—
1897 . .	161,242	360,593	44·73 ...	—
1898 . .	131,272	327,621	49·92 ...	666,500 *
1899 . .	118,498	223,538	37·73 ...	709,960
1900 . .	95,306	193,838	40·68 ...	—
1901 . .	111,333	315,709	56·71 ...	—
1902 . .	85,025	214,893	50·55 ...	—
1903 . .	96,120	275,029	57·23 ...	651,540
1904 . .	109,115	299,735	54·94 ...	822,281
1905 . .	88,322	237,541	53·78 ...	895,756

TABLE VII (*continued.*)

* *Tableau Generale du Commerce avec les Pays Etrangers* (Bruxelles).

APPENDIX

TABLE VIII.

FOREIGN EXPORTS OF ARMS.

FRANCE.*

Date.	£
1893	408,200
1894	1,068,500†
1895	330,480
1896	126,500
1897	387,900
1898	237,950
1899	222,500
1900	238,080
1901	194,360
1902	443,240

* *Annales du Commerce Exterieur.* † China-Japanese War.

TABLE IX.

GERMANY.*

Date.	£
1885	69,250
1886	51,340
1887	47,700
1888	58,700
1889	107,700

* Exports since recorded in weight only.

TABLE X.

AUSTRIA-HUNGARY.*

Date.	£
1901	49,945
1902	19,850
1903	87,850†
1904	258,725†
1905	13,860

* Statistics supplied by the Handels und Gewerbekammer, Vienna.
† Large contracts for military rifles completed.

TABLE XI (*a*).

BRITISH EXPORTS OF ARMS AND AMMUNITION.

Date.	To all British Possessions. £	To all Foreign Countries. £
1890 . . .	789,000	1,080,000
1891 . . .	960,000	722,000
1892 . . .	810,000	654,000
1893 . . .	776,000	620,000
1894 . . .	918,000	953,000
1895 . . .	1,169,000	1,324,000
1896 . . .	1,472,000	1,004,000
1897 . . .	1,056,000	840,000
1898 . . .	1,040,000	1,438,000
1899 . . .	955,000	1,022,000
1900 . . .	1,013,000	1,046,000
1901 . . .	1,298,000	1,178,000
1902 . . .	1,043,000	789,000

TABLE XI (*b*).

VALUES EXPORTED TO FOREIGN COUNTRIES.

Date.	To France. £	To Holland. £	To Italy. £	To Russia. £
1890 . .	22,554	30,083	424,789	17,117
1891 . .	87,078	16,639	37,538	15,052
1892 . .	19,599	11,841	11,049	95,132
1893 . .	32,641	2,693	48,720	6,451
1894 . .	78,169	2,635	12,800	27,592
1895 . .	31,374	2,938	12,130	11,617
1896 . .	17,308	2,332	42,352	10,181
1897 . .	26,874	2,075	41,190	69,343
1898 . .	41,432	2,137	75,376	12,037
1899 . .	57,339	2,311	8,130	15,308
1900 . .	116,143	8,281	18,191	9,669
1901 . .	12,587	8,888	14,875	13,701
1902 . .	14,024	7,110	6,788	14,358

TABLE XII.

EXPORTS OF FIRE-ARMS* FROM THE UNITED KINGDOM TO BRITISH POSSESSIONS ABROAD.

Country.	1900. No.	1900. Value in £.	1902. No.	1902. Value in £.	1903. No.	1903. Value in £.	1904. No.	1904. Value in £.	1905. No.	1905. Value in £.
W. Africa	8,803	8,038	4,465	3,411	10,315	14,774	9,268	8,968	12,612	6,752
Cape	566	4,390	2,859	12,394	10,392	39,617	7,018	28,699	3,989	16,488
Natal	1,294	6,382	1,021	6,357	6,319	25,158	5,564	20,201	2,413	9,581
E. Africa	352	1,868	148	1,625	286	1,960	4,343	14,835	568	5,558
Aden	226	923	1,575	6,220	100	1,136	204	1,530	14	185
Bombay	743	8,009	1,011	1,135	1,168	11,047	1,172	12,709	956	11,256
Madras	485	1,760	166	1,545	241	926	352	1,753	227	1,466
Bengal	2,463	11,395	2,380	14,033	2,062	11,143	2,945	13,992	3,193	16,778
Burma	281	1,230	228	1,278	228	1,506	205	1,819	262	1,969
Straits	1,157	4,369	1,520	4,849	2,022	6,513	1,484	5,098	—	—
Ceylon	3,044	9,284	1,196	2,066	1,419	2,316	1,277	2,146	1,081	2,318

* Includes shot-guns, rifles, carbines, and all small arms, sporting and military, *except revolvers*.

TABLE XIII.

EXPORTS OF FIRE-ARMS* FROM THE UNITED KINGDOM TO FOREIGN COUNTRIES.

Country.	1894. No.	1894. Value in £.	1901. No.	1901. Value in £.	1902. No.	1902. Value in £.	1903. No.	1903. Value in £.	1904. No.	1904. Value in £.	1905. No.	1905. Value in £.
Russia	599	5,002	314	3,719	155	2,378	316	3,259	112	2,805	77	1,443
Sweden	127	1,756	34	816	24	454	19	459	18	267	—	— †
Norway †	—	—	60	606	32	541	32	531	39	695	—	—
Germany	11,474	26,156	1,351	2,335	604	2,528	1,796	5,098	317	3,803	326	4,790
Belgium	169	1,654	199	2,419	464	2,908	153	2,136	121	2,431	410	1,665
France	366	8,169	372	8,236	1,126	11,122	277	10,875	272	10,737	253	11,723
Portugal	837	1,006	54	534	143	1,002	129	874	146	933	444	2,238‡
Spain	212	2,292	125	3,039	94	2,167	61	1,120	82	1,298	73	1,141
Italy	247	2,652	362	3,030	280	2,295	304	3,643	354	4,158	359	3,075
Austria	90	2,671	35	1,080	43	1,411	75	1,974	64	2,027	33	1,167
Turkey	1,326	2,513	31	296	48	506	74	594	70	359	—	—
Egypt	799	2,648	1,694	3,928	2,454	5,128	396	3,780	483	3,544	1,498	4,308
Morocco	—	—	35	565	4,422	16,940	42	284	88	221	15	82
W. Africa	33,568	16,351	15,123	7,445	13,129	7,525	14,422	7,853	13,318	6,522	—	—
Arabia	1,294	4,015	10,945	21,964	6,536	12,938	7,207	13,523	10,598	20,026	6,101	10,391
Persia	1,700	5,318	34	566	85	1,019	99	558	3	148	25	1,202
China	—	—	41	410	120	1,207	136	1,207	225	1,443	216	1,221
Japan	—	—	754	2,797	68	587	142	1,265	5	100	138	625
U.S.A.	1,009	5,114	274	3,246	486	6,402	422	7,628	340	4,978	645	5,500
Peru	2,695	2,874	2,061	2,713	2,271	2,693	5,827	6,327	7,169	7,805	11,630	12,482
Brazil	12,063	13,523	979	1,271	1,351	1,805	2,788	3,577	6,300	7,706	4,593	6,053
Argentina	—	—	49	634	165	1,015	90	1,129	191	2,083	315	2,962
O.F.C.	3,806	9,075	1,033	2,961	882	3,043	2,018	4,569	3,431	7,104	15,927	18,078

* Includes shot-guns, rifles, carbines, muskets, and all sporting fire-arms, but NOT revolvers.
† Where no figures are given the exports are included in those of some other country, or in the last item, "Other Foreign Countries."
‡ In 1905 Portuguese East Africa takes the place of Portugal in the official returns.

TABLE XIV.

IMPORTS OF FIRE-ARMS INTO THE UNITED KINGDOM.

Country.	1901. No.	1901. Value in £.	1902. No.	1902. Value in £.	1903. No.	1903. Value in £.	1904. No.	1904. Value in £.	1905. No.	1905. Value in £.
FIRE-ARMS* .	32,389 =	53,092	32,039 =	46,774	34,482 =	47,577	—	50,133	58,659 =	112,412
From Belgium .	18,748 =	28,769	22,643 =	29,989	23,256 =	29,989	28,120 =	35,471	29,302 =	29,041
„ Holland .	972 =	2,015	553 =	683	872 =	649	444 =	857	18,339 =	66,225
„ France .	301 =	1,403	291 =	3,628	220 =	1,443	117 =	1,231	424 =	3,527
„ U.S.A. .	9,764 =	18,502	7,405 =	11,112	9,543 =	14,703	8,700 =	10,834	9,979 =	12,024
Other Countries	2,604 =	2,353	1,147 =	1,352	591 =	803	898 =	1,405	597 =	1,527
REVOLVERS† .	—	8,362	—	9,799	—	7,677	—	3,680	7,879 =	6,829
Total of arms and ammunition‡ .	—	407,094	—	401,165	—	352,610	—	450,085	—	714,887

* Guns, rifles, and sporting and military small arms *except revolvers*.

† In 1905, 4138, value £4784, from U.S.A.; 3109, value £1641, from Belgium.

‡ For comparison the following, from same source, are useful: 1891, £250,613; 1892, £244,872; 1893, £216,100; 1894, £242,528; 1895, £247,297; 1896, £243,986; etc. etc.

TABLE XV.

IMPORTS OF FIRE-ARMS INTO BRITISH COLONIES.

AFRICA.

CAPE COLONY.

	1902. No.	1902. Value in £.	1903. No.	1903. Value in £.
Exported from U.K.	2,859	12,394	10,392	39,617
Imports (total)	2,987	14,233	16,959	64,835
„ double guns	1,646	10,295	8,413	42,007
„ „ from U.K.	1,553	9,751	8,097	40,494
„ single	986	3,180	7,007	19,309
„ „ from U.K.	801	2,951	5,227	15,523
„ pistols	355	748	1,539	2,529
„ „ from U.K.	328	695	1,285	2,056

NATAL.

Exported from U.K.	1,021	6,357	6,319	25,158
Imports (total)	1,343	8,868	3,552	16,428
„ (from U.K.)	1,337	8,714	3,072	14,880
„ (from U.S.A.)	6	35	—	—
„ pistols	428	730	1,320	2,235
„ „ (from U.K.)	418	718	1,110	1,926

TRANSVAAL.

	1903. No.	1903. Value in £.
Guns—Total imports	5,113	18,539
From U.K.	3,270	11,711
„ U.S.A.	16	65
„ Germany	260	397
Pistols	1,028	2,169
„ from U.K.	504	1,191
„ „ U.S.A.	96	123
„ „ Germany	30	23

TABLE XV.—*continued.*

AUSTRALIA.

COMMONWEALTH OF AUSTRALIA.

1903.	Value in £.
For Army and Navy from U.K. . . .	19,867
„ „ „ Germany . .	1,272
„ „ other arms . . .	1,364
„ „ „ „ from U.S.A. .	1,337
Trade guns from U.K.	15,768
„ „ Belgium	4,272
„ „ Germany	7,744
„ „ U.S.A.	18,154
Military arms from U.K. . . .	16,929
„ „ Germany	279
„ „ U.S.A.	499

NEW SOUTH WALES.

Date.	Exports from U.K. No.	Exports from U.K. Value in £.	Imports into N.S.W. Value in £.
1898 . . .	2,464	17,047	—
1899 . . .	3,202	8,639	22,600
1900 . . .	2,512	7,740	30,900
1901 . . .	7,349	28,297	54,300
1902 . . .	3,867	11,513	55,300
1903 . . .	1,883	6,465	—

1902. IMPORTS INTO N.S.W.	Value in £.
Imported from other countries . .	2,572
„ U.K.	26,289
„ Belgium	5,252
„ Germany	4,902
„ U.S.A.	16,360

VICTORIA.

Date.	Exports from U.K. No.	Exports from U.K. Value in £.	Imports into Victoria. Value in £.
1898 . . .	3,677	14,246	110,900
1899 . . .	5,943	15,584	110,500
1900 . . .	2,900	7,802	120,800
1901 . . .	12,577	30,367	156,800
1902 . . .	2,236	8,570	149,900
1903 . . .	4,991	19,578	—

TABLE XV.—*continued.*

AUSTRALIA.

1902. IMPORTS INTO VICTORIA.

	Guns.	Pistols.
Imported from United Kingdom . .	8,659	303
„ Belgium . . .	1,507	93
„ Germany . . .	3,191	137
„ U.S.A. . . .	4,697	362

1902. IMPORTS INTO

	Queensland. Value in £.	S. Australia. Value in £.
Total imports	11,260	6,782
From U.K.	3,000	1,319
„ Belgium	—	280
„ Germany	1,000	1,835
„ U.S.A.	6,900	2,925
Military rifles, U.K. . . .	5,594	765
„ „ other countries .	27	—

NEW ZEALAND.

	1902. No.	1902. Value in £.	1903. No.	1903. Value in £.
Exports from U.K. .	1,642 =	5,364	3,401 =	11,043
Total imports . .	—	14,102	—	—
From U.K. . . .	—	5,932	2,821 =	6,485
„ Belgium . .	—	1,079	1,529 =	1,656
„ Germany . .	—	1,097	884 =	1,034
„ U.S.A. . .	—	5,310	4,725 =	4,925
„ Australia . .	—	—	122 =	273

AMERICA.

CANADA.

	1902. No.	1902. Value in £.
Exported from U.K.	2,896 =	5,630
Imported into Canada . . .	—	69,878
„ „ „ from U.K. .	—	6,928
„ „ „ „ Belgium .	—	12,292
„ „ „ „ France .	—	3,084
„ „ „ „ Germany .	—	2,219
„ „ „ „ U.S.A. .	—	45,350

TABLE XV.—*continued.*

BRITISH INDIA.

IMPORTS OF ARMS AND AMMUNITION.

	Total value in £.	Guns, Rifles, and Parts only. From the United Kingdom. Value in £.	From Foreign Countries. Value in £.
1894–5	254,494	—	—
1895–6	281,734	—	—
1896–7	252,429	—	—
1897–8	251,552	—	—
1898–9	277,721	—	—
1899–1900	158,667	—	—
1900–1	149,330	29,251	1,397
1901–2	168,588	36,772	2,820
1902–3	146,926	37,377	3,295
1903–4	155,530	33,605	3,808
1904–5	181,795	35,234	4,198

TABLE XVI.

IMPORTS OF FIRE-ARMS INTO FOREIGN COUNTRIES.

AUSTRIA.

	1900. Value in £.	1901. Value in £.	1902. Value in £.
Total imports	27,008	33,098	33,871
From U.K.	972	1,080	1,411
„ Belgium	16,000	21,000	23,000
„ Germany	9,000	11,000	12,000
„ U.S.A.	21,000	500	700

FRANCE.

Total imports	31,000	36,000	40,000
From U.K.	2,985	8,236	11,122
„ Belgium	26,000	31,000	23,000

TABLE XVI.—*continued.*

IMPORTS OF FIRE-ARMS INTO FOREIGN COUNTRIES.

GERMANY.

	1900. Value in £.	1901. Value in £.	1902. Value in £.
Total imports . .	84,000	76,417	83,000
From U.K. . .	7,483	2,473	2,335
„ Belgium . .	—	70,000	60,000

HOLLAND.

Total imports . .	80,528	135,458	37,871
From U.K. . .	—	209	70
„ Belgium . .	13,000	13,000	9,000
„ Germany .	65,000	125,000	26,000

ITALY.

Total imports . .	25,920	27,820	32,148
From U.K. . .	2,743	3,030	2,295
„ Belgium . .	17,000	19,000	22,000

NORWAY.

Total imports . .	7,533	6,195	—
From U.K. . .	490	606	—
„ Belgium . .	1,000	3,000	—

PORTUGAL.

Total imports . .	11,000	5,000	10,000
From U.K. . .	—	534	1,002

The imports of guns are principally from Belgium and Germany.

RUSSIA.

Total imports . .	108,308	104,200	106,700
From U.K. . .	3,047	3,719	2,378
„ Belgium . .	25,000	—	—
„ Austria . .	2,000	—	—
„ Germany .	80,000	—	—
„ U.S.A. . .	1,000	—	—

SPAIN.

Total imports of fire-arms average £5000 annually.
From the United Kingdom, about half.

TABLE XVI.—*continued.*

IMPORTS OF FIRE-ARMS INTO FOREIGN COUNTRIES.

SWEDEN.

	1900. Value in £.	1901. Value in £.	1902. Value in £.
Total imports . .	9,380	10,081	—
From U.K. . .	816	472	454
„ Belgium . .	5,000	6,000	—
„ Germany .	3,000	3,000	—

SWITZERLAND.

Total imports . .	35,000	39,000	31,000
From U.K. . .	450	150	350
„ Belgium . .	15,000	13,000	12,000
„ Germany .	13,000	18,000	14,000

TABLE XVII (*a*).

FIRE-ARMS TRADE BETWEEN BELGIUM AND THE UNITED KINGDOM.

ARMS AND AMMUNITION.

Date.	British exports to Belgium. Value in £.	Belgian exports to England. Value in £.
1890	47,607	61,394
1891	36,714	67,082
1892	43,276	57,047
1893	23,687	41,891
1894	48,129	56,046
1895	19,293	56,046
1896	17,424	57,830
1897	26,977	72,518
1898	282,552*	64,152
1899	20,097	60,685
1900	25,151	91,170
1901	23,607	72,584
1902	33,777	74,557
1903	26,054	122,992
1904	22,578	85,936
1905	46,354	82,342

* Includes ammunition, value £70,000; cannon, munitions, and machine guns, value £130,121 (previous year value only £2,242).

TABLE XVII (*b*).

SHOT-GUNS AND RIFLES ONLY.

Date.	From U.K. to Belgium. No.	Value in £.	From Belgium to U.K. No.	Value in £.
1901 . .	199	2,419	18,748	28,769
1902 . .	464	2,908	22,633	29,996
1903 . .	153	2,136	23,256	29,989
1904 . .	121	2,431	28,120	35,471
1905 . .	410	1,665	29,302	29,041 *

* An inexplicable importation of 18,339 guns, value £66,225, from the Netherlands this year. In former years 1903-4 the average was 658, value £754 only. As Holland does not manufacture arms for export, these 18,339 guns must be added to the imports into the United Kingdom from Belgium, or Germany.

TABLE XVIII.

THE UNITED STATES OF AMERICA.

IMPORTS OF FIRE-ARMS.

Date.	Total value in dollars.	From Birmingham.
1880 . .	830,350 ...	699,921
1881 . .	1,166,360 ...	950,981
1882 . .	1,498,910 ...	1,169,214
1883 . .	1,453,225 ...	895,697
1884 . .	1,355,335 ...	874,846
1885 . .	1,169,292 ...	457,251
1886 . .	860,609 ...	476,829
1887 . .	958,972 ...	404,087
1888 . .	1,070,685 ...	301,641
1889 . .	1,159,157 ...	333,423
1890 . .	1,388,268 ...	348,839
1891 . .	1,070,779 ...	212,424
1892 . .	647,751 ...	165,984
1893 . .	321,516 ...	82,029
—	—	—
1901 . .	924,447 ...	20,594
1902 . .	1,155,088 ...	27,093
1903 . .	728,077 ...	22,952
1904 . .	681,373 ...	18,815
1905 . .	557,032 ...	19,552

APPENDIX

TABLE XIX.

LOCAL TAXATION.

LONDON (ST. JAMES'S) AND BIRMINGHAM RATES.

Date.	Total Rate. s.	d.	L.C.C. d.	Date.	Total Rate. s.	d.	Education.
1856	2	4	—	1853	4	0	—
1866	3	3	—	1860	5	2	—
1876	3	1	—	1870	5	4 (71)	0·6
1880	3	1	—	1875	6	4	3
1885	3	10	—	1885	6	10	8·14
1886	3	7	—	1886	6	8½	7·5
1887	3	11	—	1887	6	6	8·15
1888	3	10	—	1888	6	4	8·80
1889	3	9	12½	1889	6	7	9·40
1890	3	11	13¼	1890	6	4	*3·06
1891	4	2	11¾	1891	6	2	9·63
1892	4	0	12½	1892	6	7	10·93
1893	4	0	13	1893	6	9	1·17
1894	4	1	14	1894	6	8	13·05
1895	4	6	15	1895	6	10	12·35
1896	4	9	15	1896	6	9	12·47
1897	5	0	14	1897	6	9	13·68
1898	5	1	14	1898	6	10	13·87
1899	4	11	13½	1899	7	2	14·37
1900	5	4	14½	1900	7	6	14·80
1901	5	4	15	1901	7	3	14·56
1902	5	8¾	15½	1902	7	5	15·16
1903	6	3	16	1903	7	9	15·88
1904	6	7	16¾	1904	7	6	14·43
1905	6	2	17¾	1905	7	7	16·90
1906	6	6	17	1906	8	1†	17·17

* Three months only, to readjust local to national financial year.

† Is made up of 1s. 9·22d., Council Rate; 1·43d., Free Library; 1·32d., Art Gallery; 17·17d., Education; 3·79d., Drainage; 3s. 9d., Borough Precept; 2·4d., Improvement Rate; 0·07d., DISTRESS; 2s. 8d., Poor Rate.

TABLE XX.

COST OF LIVING IN BIRMINGHAM AND BELGIUM.

	Birmingham.		Liège.	
	s.	*d.*	*s.*	*d.*
Food—Dinners (Liège, other food)	2	6	1	0
Bread	3	0	6	0
Meat	3	6	4	0
Eggs, milk, cheese, butter	4	2	4	9
Sugar	1	3	0	4
Potatoes and vegetables	1	0	2	7
Tea (Liège, coffee)	2	0	1	5
Beer and spirits	2	6	2	0
Tobacco	0	8	0	6
Rent	5	0	2	8
Tram fares	1	0	0	4
Fuel	1	0	1	0
Light	0	6	0	3
Clothing	4	0	4	0
Washing	0	3	0	6
Sundries	1	6	2	0
Education	—		0	5
Club, insurance, or thrift	0	6	0	6
Subscriptions (charitable)	0	6	—	
	34	10	34	3

NOTE.—The cheapest "family budget" given is 19s. 5½d. a week by a Yorkshire family of two adults and three children, who spend 10s. 11d. on food and 4s. 6d. on rent, but only 8½d. on clothing (for which they must depend on charity). A Belgian family of six lived upon 19s. 6d. a week, spending 12s. 1d. on food, 2s. 4d. rent, 1s. 8d. clothing. The ordinary payment current in Birmingham for lodging and part board of a single working man is from 10s. to 12s. 6d. a week; dinners cost 6d. each; teas, 1s.; leaving the pound-a-week man 5s. for clothing, beer, tobacco, tram fares, benefit club, and luxuries.

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